

# *The* NATIONAL UNDERWRITER



*REINSURANCE makes a basic contribution  
to the strength of the Insurance Industry*



## GENERAL REINSURANCE GROUP

Largest American multiple line market  
dealing exclusively in Reinsurance

GENERAL REINSURANCE  
CORPORATION  
Casualty • Fidelity  
Surety

NORTH STAR REINSURANCE  
CORPORATION  
Fire • Inland Marine  
Ocean Marine

90 JOHN ST., NEW YORK 7

THURSDAY, SEPTEMBER 7, 1950

# What's missing here?

What's needed here is for someone to get behind the lawn mower and *push!*

The best lawn mower money can buy won't cut grass by itself. And the best advertising and promotional campaign can't be fully effective unless it is *used* as a selling tool.

Today, North America's advertising program is telling the Agent's story to the millions of readers of *The Saturday Evening Post*, *Life*, *Collier's*, *Look*, *Better Homes and Gardens*, *American Home* and *National Geographic*. It reminds them that the North America Agent's expert counsel can protect them from loss . . . that he is the man who can give them insurance that is carefully tailored to their needs.

The volume-minded Agent won't let grass grow under *his* feet. He'll follow up the sales opportunities being created by North America's advertising and promotional support . . . and *profit*.

Insurance Company of North America, founded 1792 in Independence Hall, is the oldest American stock fire and marine insurance company. It heads the "North America" Companies which meet the public demand for practically all types of Fire, Marine and Casualty insurance; Fidelity and Surety Bonds. Sold only through Agents or Brokers.



INSURANCE COMPANY OF  
**NORTH AMERICA**  
COMPANIES, *Philadelphia*

Insurance Company of North America  
Indemnity Insurance Company of North America  
Philadelphia Fire and Marine Insurance Company





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## Plans for Broadened E. C. Policy for Dwellings Advancing

### Present Trend Is Toward Single Endorsement for All Added Perils

NEW YORK—Plans for putting on the market, possibly some time early this fall, a broadened, named peril extended coverage policy for dwellings and contents are proceeding on schedule. The main elements of the proposed changes were reported in the Aug. 3 issue.

The work on the revision has been spearheaded by Eastern Underwriters Assn., with its committee on rating methods research doing the major job, but the subject of additional perils to be covered under an E.C. revision is one that concerns the entire business.

Other organizations are being kept closely advised, including inland marine, casualty, etc. The objective is a uniform, nationwide E.C. form that will be of the most use to the public and will be easy for agents to sell and advertise.

A fifth draft of E.C. No. 5, containing suggestions of the E.U.A. rating methods research committee, has been sent to member companies for comment and review. It is considered likely, though no final decision has been reached, that No. 5 will cover water damage, rupture or bursting of steam or hot water heating systems, vandalism and malicious mischief, glass breakage, and ice, rain or snow. Neither earthquake nor collapse is included in the latest draft. However, collapse from ice, rain or snow is covered. It has been decided not to call it broad form.

### Single Endorsement Preferred

There is a definite disposition to adopt a single endorsement incorporating all of the additional perils rather than mortgaging the additional coverage on the present endorsement. Thus the business would have a limited and a broadened form, and the public would have a choice. Agents are especially interested in getting two E.C. forms.

Three important matters are definitely undecided. They are the rate level—and in this connection several amounts have been discussed—the minimum premium, and whether or not the form should carry a mandatory deductible of say \$50. Actually consideration of applicability of mandatory to all perils is part of the rating problem, with one view being that in order to have a rate level that is attractive to dwelling owners, it is necessary to keep the rate as low as possible. To do this there should be a deductible which would permit the coverages under the added perils to reflect the shock loss possibilities rather than maintenance claims. The mandatory deductible where it is in effect now applies to wind only and to buildings only. The new E.C. would cover both buildings and contents.

There has been some discussion of applying the suggested E.C. 5 to the coverage presently permitted under the broadened dwelling form, with respect to a 10% extension to outbuildings and 10% off premises on contents. To do this involves considerable additional coverage such as water damage, steam boiler and glass breakage on outbuild-

## Eyes 20 Years Progress in Insurance Education

CLEVELAND—In his talk at the luncheon at the opening of the meeting of Society of Chartered Property & Casualty Underwriters here Wednesday, James C. O'Connor, Cincinnati, editor "Fire, Casualty & Surety Bulletins" and associate editor THE NATIONAL UNDERWRITER, reviewed the progress of insurance education over the past 20 years and pointed out some of the major problems confronting those interested in the training of insurance men. He said that the

evolution of programs at agents' conventions is a particularly interesting commentary on the progress of insurance education. Prior to the early 1930's, a session or even a single talk on educational lines was almost unknown, most talks being on the relations between agents and companies, conciliatory if delivered by a company executive, hostile if given by an agent. Then, for several years, perhaps one talk on an educational line, such as a recent form change, would appear on the average program and the president and program chairman would be delighted and relieved that the members liked it and often called it the best part of the meeting.

### Two Further Signs

Then came a period when the majority of time on convention programs was given over to educational subjects, both individual talks and forums. Today, Mr. O'Connor said, there are fewer strictly educational talks than was once the case, but this is not due to any lack of interest in education. Rather, it is because of the development of educational programs and clinics in almost every community of any size, plus short course schools and the correspondence and home office courses provided by insurance companies. The report of the educational committee of a typical agents association shows the work which is going on almost constantly and the time of the annual convention can be devoted to business matters and consideration of legislation and other problems facing the insurance business.

Pointing to the tremendous development of elementary afternoon and evening insurance courses, both in and out of college and university supervision, Mr. O'Connor, who conducts classes at the University of Cincinnati, said that a large proportion of insurance men doing this work are C.P.C.U.'s and hence that the organization could well afford to pay considerable attention to these courses. This is particularly true since full time insurance professors are much more interested in regular courses for students working toward degrees.

### Cites Major Problem

In Mr. O'Connor's opinion, a major problem is the organization of material and the order in which subjects should be studied. Practical considerations clash with theoretical factors. An average class, consisting largely of junior employees of agencies, company offices, adjusting organizations, etc., and inexperienced agents, brokers, solicitors and other producers, is primarily interested in fire and automobile insurance and yet these contracts are undoubtedly the most complicated in the business today. It is no more difficult, he said, to explain the principles of business interruption insurance than the ramifications of the standard fire policy with the dwelling and contents form and extended coverage. He said he felt that C.P.C.U.'s might well take the lead in exchanging experiences and experimenting with dif-

ferent methods of presenting these subjects. With college courses in insurance, Mr. O'Connor said that the major problem is probably complicated by the fact that the average college student does not know what he is going to do after he graduates. There is at least a strong argument on the side of those who believe that college is the place for a broad general education, with training in specific details of the business to be picked up later. His observation of C.P.C.U. review courses has made him feel personally that getting competent instructors is not the major problem. Rather, he thinks the crux of much of the difficulty is in the lack of a common denominator among those aspiring to the designation. Two persons may have equal preliminary education, equal standing in the insurance business and be equally qualified to start the quest for a C.P.C.U. designation, yet their experience and their detailed knowledge of the business may be along entirely different lines. The problem will eventually be solved, but Mr. O'Connor said he thinks it is much more complicated than what life insurance men encountered in establishing the C.L.U. program.

ferent methods of presenting these subjects.

Mr. O'Connor said that, despite the feeling of many, he personally does not hope that there will ever be some common requirement of formal education or training for entering the insurance business, such as now exists in fields such as medicine and law. Any such requirement, he said, would undoubtedly have kept a large proportion of his audience of C.P.C.U.'s out of the business. The insurance business has acquired some of its best men more or less accidentally and Mr. O'Connor said he hopes it will stay that way. It does have an obligation to provide the means for acquiring education to anyone who wishes to enter it and who is willing to pay the price of study and hard work, but that is quite different from trying to build a fence around the business.

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### Aircraft Cover a Challenge

Speaking on "The Challenge of Aircraft Insurance," William H. Rodda, secretary of Transportation Rating Bureau, said that aviation insurance is of great interest, not so much because of its size, but because of its potential effect on insurance methods in the future.

Mr. Rodda said total aviation premiums in the United States in 1949 were about \$20 million. Scheduled airlines generally produce about 40% of the total, the other 60% coming principally from owners of private aircraft, companies using planes to transport their own personnel or goods, operators of airports, crop dusters, farmers and from manufacturing and testing activities.

Because it is new, aviation insurance has an opportunity to point the way toward new and better coverages and methods, Mr. Rodda predicted. The aviation insurance buyer's needs do not differ fundamentally from the needs of other insurance buyers. His need is for a coverage which will reimburse him for any catastrophe which may occur, rather than for a policy which will

(CONTINUED ON PAGE 18)

## Plumb Sentiment of Business on War Coverages

### Christensen Committee Meets Sept. 15 to Reassess the Attitude

NEW YORK — The information committee headed by Frank Christensen of America Fore that was constituted a year or so ago to deal with the problem of war effect on insurance will meet Sept. 15 to reassess the sentiment of the business on how far it wants to go in relinquishing to the government coverage in peace time of such hazards as are created by the development of atomic fission, fusion, etc.

The committee includes representatives of Insurance Executives Assn., Institute of Marine Underwriters, Inland Marine Underwriters Assn., Assn. of Casualty & Surety Companies, and mutuals. It was a working subcommittee of this group that developed the modern war exclusion clause now in inland marine policies and some extended coverage. To make its work more effective the subcommittee separated, one part to work on physical damage and the other on third party coverages.

The problem now is to what extent the business wants government in insurance. The second part of the war clause excludes damage from atomic fission in war and peace. There is some sentiment against inviting the government into peacetime coverage of such a risk and to assume all peacetime hazards. If this view prevails, the business would eliminate the second section of the modern war exclusion, that dealing with atomic hazards, and leave the exclusion hinged on hostile or warlike act. In that case also the phraseology in time of peace or war likely would come out and the business would rest on the warlike or hostile act to govern.

Before the business could logically recommend any course for the government to take in providing war damage cover, it would need to decide how completely it is willing to assume all peacetime hazards. The fear is that otherwise the government might take a bigger bite in the future.

### Escott Plan Due for Another N. C. Airing

RALEIGH—Another public hearing on the Escott plan has been set for Sept. 8-9 by Commissioner Cheek.

North Carolina Fire Insurance Rating Bureau has requested an opportunity to present additional evidence and cross-examine witnesses who presented evidence in opposition to the plan at a hearing on July 11. At that time, opponents took up the bulk of the hearing time and the commissioner announced he would give the rating bureau an opportunity to be heard if it desired to present more evidence.

America Fore appealed from the bureau's filing of the plan and presented its opposition testimony at the July 11 hearing. Another public hearing had been held early in the year on the subject and the commissioner disallowed the plan while waiting for America Fore to appear in opposition.

# COMPANY COOPERATION

For almost 100 years we have been helping our agents get results, sincerely cooperating in solving their special problems, and keeping them alert to today's opportunities through experienced fieldmen, backed up by an informative and reliable advisory service. Among the results is the confidence and satisfaction of our policyholders and the growth and progress of our agents.

No wonder more and more agents are turning to Hanover and Fulton.

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## THE HANOVER FIRE INSURANCE CO.

OF NEW YORK

Organized 1852

## THE FULTON FIRE INSURANCE CO.

NEW YORK

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HOME OFFICE

111 John St., New York 7, N. Y.

WESTERN DEPT.

Insurance Exchange Building  
Chicago 4, Ill.

PACIFIC COAST DEPT.

340 Pine Street  
San Francisco 4, Cal.

## Department of Commerce Requests Data on Foreign Reinsurance by Sept. 20

Secretary of Commerce Sawyer is conducting a survey of reinsurance transactions of U. S. insurance companies with insurance companies resident abroad.

He requested the insurers to supply certain information on reinsurance premiums, etc. Deadline for receipt of the information has been set for Sept. 20.

The purpose of the study, according to Sawyer, is to measure the effect of reinsurance transactions on this country's balance of international payments.

The information sought includes country of insurance company resident abroad, reinsurance premiums after com-

missions and cancellations ceded to assumed from insurance company resident abroad during 1949, reinsurance losses received from or paid to abroad during 1949, balance held by the U. S. company for account of that company resident abroad in 1949, and balances held by the latter company for account of the U. S. company during the same period.

Sawyer in a general letter has stated that the information supplied will be treated as confidential and used only by government officials responsible for the promotion and protection of this country's interests abroad.

## Sprinkler Fee in Cincinnati Causing Complaints

CINCINNATI—Many owners of sprinklered property here are protesting against the recent city ordinance establishing a service charge in connection with sprinkler facilities. The water service to these systems is not metered and this charge is to offset any expense arising out of the use of city water in combating a fire.

Several property owners have accused insurance interests of encouraging the passing of this ordinance in order to obtain additional revenue for themselves. Cincinnati Fire Underwriters Assn. has warned its members to inform the people that they have nothing to do with the city government and that the passing of the ordinance was purely the work of the city council.

## Five Regional Meets for Alabama Agents Planned

Alabama Assn. of Insurance Agents and local boards are planning five regional meetings for local agents to be held during the next seven months. The first is planned at Sheffield, Sept. 22. Other meetings will be held at Montgomery in October, Gadsden in February, Tuscaloosa in January, and Dothan in March.

The Sheffield program will include talks by association officers on matters affecting local agents and on legislative objectives. The remainder of the program will be taken up by an educational forum. Leading the forum will be G. H. Feldner, America Fire; Malcolm K. Waitt, Springfield F. & M.; J. B. Chapman, Jerome, Cowan & Mahone, and R. G. Peterson, New Hampshire Fire. Fred W. Ashe, Sheffield, will preside at the morning session and M. Jerome Carter, president Tri-Cities association, will preside at the luncheon.

The 1951 convention of the Alabama association will be held at the Battle House at Mobile, May 9-11. W. G. DeMouy, B. F. Adams & Co., has been named general chairman.

It is tentatively planned that the first day will be devoted to a meeting of the executive committee and a get-together dinner in honor of past presidents. A number of educational forums are being arranged.

## New Membership Plaque

PHILADELPHIA—The Insurance Agents & Brokers Assn. of Philadelphia & Suburbs will put out a new permanent membership plaque this season, it is announced by Edwin D. Peake of Peake Bros., president.

## Eugene, Ore., Now Class 4

Eugene, Ore., has been reclassified from class 5 to 4. The rerating was based on a survey conducted by engineers of the National Board and will result in annual premium saving of at least \$50,000.

Insurance Women of Milwaukee is holding a membership tea Sept. 17. The first dinner meeting of the season will be held Oct. 2 and there will be a holiday bazaar Nov. 25.

## Committees Announced for N.A.I.C. Los Angeles Meeting

LOS ANGELES—Commissioner Downey, who will be host to the mid-winter meeting of National Assn. of Insurance Commissioners here Dec. 10-15, has announced committee assignments.

Howard J. Brace, Occidental Life, former Wyoming commissioner, is general chairman. Leslie J. Cooper, Pacific Mutual Life, is housing chairman, with Maurice V. Pew, Farmers Insurance Exchange, and former Iowa deputy commissioner, as his assistant.

The executive committee is composed of T. J. Blalock, Pacific Indemnity; Thomas M. Bruce, Guarantee Union Life; Asa V. Call, Pacific Mutual Life; George Chalmers, California State Automobile; James F. Crafts, Fireman's Fund; James F. Deering, Guarantee; J. C. Earle, Beneficial Standard; Preston Hotchkis, Founders F. & M.; Norman O. Houston, Golden State Mutual Life; Van F. Joy, president Insurance Assn. of Los Angeles; O. J. Lacy, California-Western States Life; John Q. McClure, National Automobile & Casualty; Victor Montgomery, Pacific Employers; John L. Mylod, Pacific National Fire; Stuart O'Melveny, Title Insurance & Trust Co.; George P. Quigley, president Life Underwriters Assn., Los Angeles; Ralph W. Smith, Unity Mutual Life & Accident; Harry J. Stewart, West Coast Life; John Tyler, Farmers group; Harry J. Volk, Prudential, and O. S. Weide, Constitution Life.

## Ratchford Heads Royal Facultative Department

J. J. Ratchford has been appointed by Royal-Liverpool group as superintendent of the facultative reinsurance department, succeeding G. F. Jones who has retired.

Mr. Ratchford has been with Royal-Liverpool for nearly 30 years, having joined the organization in 1921 following experience with Great American. He has been in the facultative reinsurance department since 1930. He is a past president of the Reinsurance Club of New York, having served in that capacity for three years, and is now a member of the board.

## Mich. Card Completed

The agenda for the annual convention of Michigan Assn. of Insurance Agents, to be held at Grand Rapids Sept. 25-26, has been completed. Sessions will be held at the Pantlind hotel and the Civic auditorium.

Two additional speakers have been announced. They are J. R. McWilliams, assistant manager automobile division, National Bureau of Casualty Underwriters, and Raymond L. Jennings, director of public relations committee, Michigan Fire Underwriters Assn. Flint. Frank P. Kavanaugh, president Kalamazoo association, will present the Kalamazoo trophy to the local board doing the most outstanding job in public relations.



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**WYOMING**  
**1890**

The glories of the Yellowstone region were discovered in 1807 by John Colter, a member of the Lewis and Clark expedition; he was followed by trappers and traders seeking the wild game which abounds in the area, and subsequently many overland parties traversed the section on their treks to the Pacific. In 1834, Fort Williams, later Fort Laramie, was established as a trading post; fourteen years afterward the Territory of Wyoming was formed, and finally, in 1890, the state was admitted to the Union. Grazing areas are divided into vast ranches where great flocks of sheep, cattle, horses and hogs are raised. Irrigation has been responsible for producing large crops of hay, alfalfa, sugar beets, wheat, potatoes and corn, while dairy products are gaining rapid headway. In the sheltered valleys, fine apples, plums, pears, and cherries are grown. Petroleum, coal, phosphates, natural gas, timber, iron ore and silver add to the state's wealth. Although the tourist season is short, Wyoming attracts many visitors. It is famous for its rodeos outstanding among which is Frontier Days held at Cheyenne annually in July. Jackson Hole, the "Last Outpost of the Old West", has a long and colorful history. Good accommodations and riding horses are available at numerous dude ranches. In the northwestern section of the state, Yellowstone National Park astounds its guests with a wonderland of mountains, geysers and canyons. Directly south in Grand Teton National Park, known as the Alps of America, mountains rear like a huge stage backdrop. At Hell's Half Acre, geologists and photographers gather, intrigued with the ponderous and fantastic rock formations. In the Equality State, where woman suffrage was pioneered, every industrious insurance agent has more than an even chance.



**CRUM & FORSTER**  
MANAGER

110 WILLIAM STREET • NEW YORK 7, NEW YORK



UNITED STATES FIRE INSURANCE CO. . . . .	Organized 1824	THE WESTERN ASSURANCE CO., U. S. Branch . . . . .	Incorporated 1851
THE NORTH RIVER INSURANCE CO. . . . .	Organized 1822	THE BRITISH AMERICA ASSURANCE CO., U. S. Branch Incorporated 1813	
WESTCHESTER FIRE INSURANCE CO. . . . .	Organized 1837	SOUTHERN FIRE INSURANCE CO., Durham, N. C. . . . .	Incorporated 1923
THE ALLEMANNIA FIRE INSURANCE CO. of Pittsburgh. Organized 1868			
WESTERN DEPT. FREEPORT, ILL. PACIFIC DEPT. SAN FRANCISCO SOUTHERN DEPT. ATLANTA ALLEGHENY DEPT. PITTSBURGH CAROLINAS DEPT. DURHAM, N. C.			

## 18 Win Insurance Scholarships for Illinois Tech Course

Eighteen scholarships have been awarded by member companies of Western Underwriters Assn. for a special two-year insurance curriculum conducted by Illinois Tech.

This will be the second class under a reactivated scholarship program. The scholarships are awarded on a competitive basis and high school graduates in any of the states comprising W. U. A. territory are eligible. After passing the entrance exam the records of applicants are reviewed by a screening committee of leaders in the property insurance business. They are then interviewed by a company and if found satisfactory assigned to it.

The company pays the tuition and fees of the student for the entire course. The student attends school during the morning and works with the company to which he is assigned in the afternoon. The student agrees to stay with the company for at least two years after completing the course.

The course, while stressing insurance,

includes instruction in English, economics, mathematics, accounting, law, personnel and public speaking. The various field clubs in W. U. A. territory have actively supported the program and have assisted in finding worthy prospects.

Following is a list of the scholarship winners and sponsoring companies. The list is not complete as it is expected two or three more scholarships will be awarded before classes start. Registration takes place Sept. 8 and classes start Sept. 13. Unless otherwise indicated, the winner is from Chicago.

James T. Ballinger, Fireman's Fund; Richard L. Desens, London & Lancashire, Forest Park, Ill.; John T. Blosser, Home, Hicksville, O.; Park C. Chambliss, Jr., Home, Kansas City; Aldo De Angelis, Hartford Fire, Chicago Heights, Ill.; Robert W. Dressel, Hartford Fire, Jackson, Mich.; Thomas M. Ferguson, Phoenix; Harold W. Field, Atlas, Akron, O.; Charles F. Gray, Great American, Oak Park, Ill.; Ellisha L. Harmon, Springfield F. & M., Monroe, Mich.; Don Hermansen, Great American; Homer Hilst, America Fore, Winfield, Kan.; John C. Ippenlatz, National Fire, Detroit; Ronald J. Moore, Hartford Fire; John A. Murphy, American; W. T. Schapaugh, Aetna, Jamesport, Mo.; Joseph L. Sellers, Aetna, Nashville, Tenn.; Ronald Ziska, Hartford Fire, Melrose Park, Ill.

Arthur J. Taylor of St. Paul has established an office there to investigate and adjust claims for insurers.

## National Fire Group Premium Gain Is 6.7%

An increase in premiums of 6.7% was recorded for the first six months of 1950 by companies of the National Fire group as against the parallel period of last year.

The fire companies had a gain of 4.5% and United National Indemnity went ahead by 25%.

There was a substantial increase in losses, mostly due to the numerous serious windstorms in the middle west. Had it not been for this factor, the underwriting experience would have been as favorable as was the outstanding record in 1949. Nevertheless, the showing was profitable this year.

Premiums written for National Fire itself the first six months were \$19,189,073 compared with \$18,367,942 and the ratio of losses incurred to premiums written was 44.7 as against 40.3. The expense ratio was one percentage point higher. The total underwriting outgo was \$17,953,438 leaving a trade gain of \$1,233,635 while the net statutory underwriting gain was \$936,195. This compares with \$2,054,842 for the first six months of 1949.

Investment earnings were \$891,282 which was an increase of about \$86,000 and there was an excess of investment earnings over dividends paid of \$391,282. Combined underwriting and investment earnings produced a gain of \$1,827,478 and there was a net increase in surplus as of June 30 of \$812,100. The contingent reserve of \$3½ million remains unchanged.

### Companies' Capital Increased

During the first six months the capital of each of the three subsidiary fire insurance companies was increased from \$1 million to \$1½ million. The surplus of each of these companies was large enough so that the surplus remaining is adequate in relation to the volume of premiums written and retained. After making this adjustment the net surplus of Mechanics & Traders at June 30 was \$3,638,425, Transcontinental \$3,243,727 and Franklin National \$3,299,120. The contingent reserves of these companies remain the same. The capital increase was effected so as to meet the requirements of all the states in respect of multiple line underwriting.

United National Indemnity showed a trade gain of \$364,637 but it had a net underwriting loss on the statutory basis of \$274,463. Net surplus remains at \$1½ million and contingent reserve is \$232,773. There was a net statutory underwriting profit of \$775,928 in the combined operations of all the companies. The combined investment income was \$1,193,275 and the aggregate gain from underwriting and investment income before federal income and Connecticut investment taxes amounted to \$1,969,204.

### Mutual General Agents Meet

The annual meeting of Mutual General Agents Assn. will be held Oct. 16 at New York City. National Assn. of Mutual Insurance agents will hold its meeting at the same time.

About 50 mutual general agents from all parts of the United States make up the membership. Clement R. Marshall, Charlotte, is acting president and J. D. Randolph, manager Zachary General Agency, Greenville, S. C., is vice-president and secretary.

### Set N. C. Deviation Hearings

RALEIGH — Ten fire and auto companies which have filed applications to deviate from manual rates in North Carolina will be given hearings the week of Sept. 18-22. Some of the companies already are deviating, but they will be reviewed along with the com-

panies which are proposing new deviations.

Companies which will appear at the hearings are American Fire & Casualty, Home Mutual Fire, Utica Fire, Otsego Mutual Fire, New York Central Mutual Fire, State Farm Mutual Automobile and State Farm Fire, Farm Bureau Mutual Automobile of Ohio, Church Insurance Corp., and Badger Mutual Fire.

## New Charges Are Brought Against D. C. Loan Firm

WASHINGTON—Following municipal court dismissal of a criminal accusation that Columbia Credit Co. charged over 6% interest in connection with auto loans the D.C. corporation counsel's office has instituted further proceedings against that company. The complaint is that in three different instances money was loaned on automobiles on which more than 6% interest was charged without the company having a license so to do.

Insurance premium in connection with the loans, Assistant Corporation Counsel Clark King said, were insufficient to bring down the charges to the legal level.

Dr. S. Dewey Gottlieb, Columbia's president, has charged Insurance Superintendent Jordan is being "pushed" by some interests to intimidate insurance companies into refusing to do business with finance companies.

Jordan has cited American Title, an auto insurance company, to show cause why it should not be penalized for allegedly issuing a policy through other than a regularly constituted agent. Gottlieb asserts such issuance was through an authorized agent.

The hearing in this case, set for Aug. 31, was continued until a date to be fixed.

## North British Has New Field Setup in Calif.

A service office at San Jose, Cal., has been opened by North British under T. R. Yore, who will have charge of operations in Santa Clara county, San Francisco peninsula and the south California coast.

Mr. Yore has been superintendent of the city department at San Francisco for many years and has also served as field man on the San Francisco peninsula.

Walter K. Dunzweiler, who has been in charge of Santa Clara county operations, will now confine his activities to Alameda county, Contra Costa county and the North California coast, and George E. Sheerin, formerly south California coast representative, will confine his operations to San Joaquin valley.

## Oppose Higher Town Rating

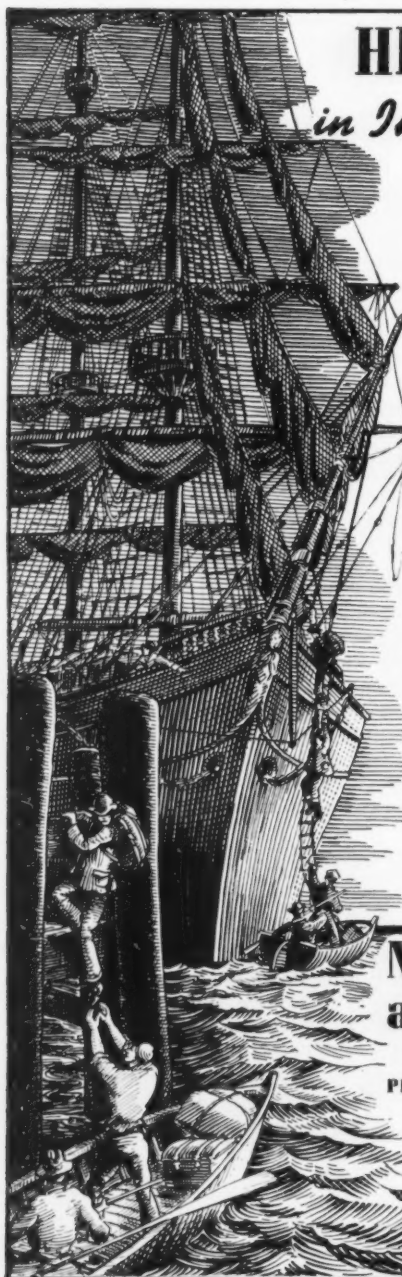
To afford Wenatchee, Wash., city officials and business men an opportunity to present their views regarding the reclassification of that city from National Board grading 4 to 5, Commissioner Sullivan has called a hearing there Sept. 11.

Mayor Pohlman has said that for the five worst fire loss years in Wenatchee's history, 1944-48, inclusive, losses showed an average of \$12.80 per capita. He estimated that this would be \$166,400 per year and said that estimated premiums were \$400,000 annually. In the last three years, he said, the per capita loss was only \$4.

## Phillips N. E. Superintendent

American Aviation & General has appointed Norman I. Phillips superintendent for fire, allied lines and inland marine business in the New England department. He will be associated with Chris J. Henry, resident manager at Boston, and will service all the New England states.

Mr. Phillips has been in fire insurance work more than 30 years as underwriter and field man. He was previously located in New England.



## HIGHLIGHTS... in Insurance History

**CLIPPERS WITHOUT CREWS . . .** The California Gold Rush of 1849 imposed a great burden upon the eastern marine insurance companies. Many men volunteered as crew members just to reach the Pacific Coast. Once there, they deserted and left in search of gold. The abandoned ships and cargo were left unattended or beached, causing expensive repairs and high loss settlements which had to be adjusted by companies 3,000 miles away.

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Southwestern Department: 912 Commerce St., Dallas 2, Tex.  
Foreign Departments: 102 Maiden Lane, New York 5, New York  
206 Sansome St., San Francisco 4, Calif.  
Canadian Departments: 465 Bay Street, Toronto 2, Ontario  
535 Homer Street, Vancouver, B. C.

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INSURANCE

## North Platte Wind, Hail Loss Expected to Reach \$800,000

### Western Adjustment Sets Up Storm Office; 4,000 Claims May Develop

A severe hail and windstorm hit North Platte, Neb., Aug. 29 causing an estimated insurance loss of between \$700,000 and \$800,000. It is expected that between 3,500 and 4,000 claims will develop, with an average of about \$200 each. Western Adjustment, which has opened a temporary storm office there in addition to its regular office, is handling losses under its disaster plan and has sent 21 men to the area.

Losses primarily will be confined to

the town itself since the surrounding area is sparsely populated. Hail began falling at 6 p.m. and was accompanied by a 40 mile per hour wind of a nearly 30-minute duration. A 1.75 inch rain caused some interior damage but hail accounted for most. The majority of claims will come under glass loss. One glass loss alone has been set at \$1,000. Automobile losses are expected to be numerous and some cars were damaged badly. Few buildings escaped damage.

Western Adjustment does not anticipate much trouble in handling claims. It is pretty well up to date now as about 90% of the losses reported to Western in the big May 5-6 storm which swept through the midwestern states have been adjusted, making it possible to shift extra men to the North Platte area and begin work on assignments immediately. The number of assignments Western received as a result of that storm has exceeded 160,000. The 10% not yet closed are well distributed and in many instances involve delayed notices of loss and farm or inaccessible property.

Since May 5 the midwestern states have been hit by 13 hail or windstorms, several of which Western has found of more than passing significance. That of May 23 at Indianapolis produced 3,000 windstorm and hail assignments of

moderate size. The hailstorm of July 1 at Manhattan, Kan., incurred 2,300 claims of a more serious nature. The tornado of July 19 which struck the edge of Lima, O., developed less than 1,000 assignments but the average claim may be in the area of \$650.

The general storm of May 5-6 was so widespread that Western transferred 145 assisting adjusters from elsewhere in its territory to the storm center. Adjusters who had been constantly engaged were later returned home and replaced. In the later phase several fresh crews were temporarily assigned for short periods to especially hard hit localities. The various subsequent storms were well spaced as to time and did not create much strain on Western's adjusting facilities.

### \$65,000 Judgment Favoring Chilcote & Co. Is Appealed

ST. LOUIS—Superintendent Leggett has appealed to U. S. court of appeals here from the judgment entered July 31 by Judge Moore which upheld claims totaling \$65,000 by the trustee of Chilcote & Co., St. Louis general agency, against the defunct Mutual Commerce Casualty of Kansas City, for which Superintendent Leggett, by virtue of his office, is the successor receiver.

Judge Moore in his ruling severely criticized Leggett's predecessor as insurance superintendent, Owen G. Jackson, for using the influence of his office to collect money from the Chilcote agency for Mutual Commerce Casualty and also for permitting the company to continue operations despite warnings from departmental examinations that further operations would be dangerous both to policyholders and the public.

The \$65,000 that Judge Moore ordered paid was part of \$96,000 that had been sought by the agency's trustee. The court found that the agency had made a \$50,000 contribution to Mutual Commerce Casualty surplus in 1947 and that William Landwehr, a business associate of Donald E. Chilcote, head of the agency, had turned over another \$15,000 to Mr. Jackson after he had exerted official pressure. Judge Moore denied trustee's claim for an additional \$10,000 contribution and for \$21,000 in canceled truck and taxicab policies.

Judge Moore had ruled that Superintendent Leggett, as Mutual Commerce's receiver, has a "tentative and unsecured claim," as a general creditor, against the Chilcote agency for \$57,891. This money represents premiums collected by the agency on policies it placed with the company.

However, under the ruling the \$65,000 is to be paid in cash to the trustee of Chilcote & Co. and Landwehr, while the \$57,891 counter-claim must take its chances with the other general and unsecured creditors of Chilcote & Co.

Chilcote, who was acquitted in 1949 of an embezzlement charge that grew out of his agency's dealings with Mutual Commerce Casualty, has a \$100,000 damage suit pending against Mr. Jackson and the five surety companies on his official bond as insurance superintendent. This suit charged that Jackson permitted the company to operate long after he knew it was impaired financially and that he acted maliciously in causing Chilcote to be indicted on the embezzlement charge on which he was subsequently acquitted.

### Handles Dallas County Line

DALLAS — Insurance Placement Board of Dallas has taken over the handling of fire and casualty insurance on county-owned properties by order of the commissioners court. The board's recommendations involve additional coverage of \$1,412,018 to bring the total to \$2,155,576 on values aggregating \$2,601,553. It is the sixth political unit to come under the board's plan of supplying technical insurance service to public properties. B. Felix Harris, former president of Dallas Assn. of Insurance Agents, is chairman of the board, and Max Scheid, executive secretary, supervises its detailed operations.

## Many Insurance Participants in Safety Congress

Insurance men who will take part in the National Safety Congress of the National Safety Council at Chicago Oct. 16-20 include:

E. C. McFadden, vice-president and manager safety department Texas Employers, president American Society of Safety Engineers, presiding at the society's meeting; A. R. Graham, supervising safety engineer at Chicago of Bituminous Casualty, chairman of the power press and forging section and an address on "Safeguarding Heavy Operations"; Lt. Col. R. C. Stratton, supervising chemical engineer of Travelers, leader of a discussion on "Inspecting Chemical Equipment for Safety"; J. E. Middleton, chief engineer boiler and machinery division American Guarantee & Liability, participating in "Inspecting Chemical Equipment" discussion.

Dr. E. G. Meiter, director industrial hygiene division, Employers Mutuals "Progress Report on Waste Disposal Developments"; M. A. Snell, supervising engineer Hartford Accident, "report of the committee on the 1949 chemical section safety contest"; Russell Fitzpatrick, director policyholders service department Highway Insurance Underwriters "Practical Application of Training Methods"; Robert Clair, assistant vice president, Liberty Mutual, presiding over session on conference technique; R. H. Wingate, vice-president Liberty Mutual Fire, "Control of Fire Hazards in Industrial and Domestic Oil Heating Systems"; P. E. Hubby, assistant chief engineer Improved Risk Mutuals, "Present Day Trends in Industrial Fire Alarm Systems".

J. V. Grimaldi, director industrial division Assn. of Casualty & Surety Companies, in a panel on "Maintaining Interest in Accident Prevention"; O. S. Holmskog, senior construction engineer Employers Mutuals, in "A Clinic on Safety Problems"; J. C. Stennett, director of safety engineering National Assn. of Mutual Casualty Companies, 2nd vice-president American Society of Safety Engineers, presiding over the meeting on industrial relations and the safety engineer; L. A. Faulkner, supervisor of machine guarding, loss prevention department, Liberty Mutual, "On Guards"; G. D. Reed, safety engineer Lansing Employers Underwriters, "Developments and New Designs in Forging Machines Which Have Contributed to Safety".

R. W. Laughlin, supervisor Liberty Mutual, Portland, Me., "A Kit of Tools"; R. E. Meigs, assistant vice-president Liberty Mutual, "Medical Aspects of Accident Prevention"; W. D. Keefer, 2nd vice-president Lumbermens Mutual Casualty, presiding over a session on safety, a lifetime job; H. W. Heinrich, assistant superintendent engineering and inspection division of Travelers, "The Human Elements in the Cause and Control of Industrial Accidents"; E. R. Grannis, manager engineering department Royal Indemnity, "Engineering Controls of Accident Causes"; L. W. Hagerup, assistant director of safety Lumbermens Mutual Casualty, presiding over a discussion on safe practices with wood-working machines other than saws, and W. J. Smale, assistant director of safety, Michigan Mutual Liability, presiding over a discussion of safe practices with power saws.

Two "safety Oscar" winning films produced by insurance companies will be shown. They are "Here's How" by Zurich and "Last Date" by Lumbermens Mutual Casualty.

### Cut Livestock and Farm Equipment Rate in New England to 50 Cents

Fire insurance rates on livestock, farm machinery and equipment have been cut to 50 cents per \$100 throughout Maine, Vermont, Massachusetts, Rhode Island and Connecticut by New England Fire Insurance Rating Assn. The rate decreases range from 17% to 41%.

The sharpest cuts were in Maine where the old rates were 85 cents in the north and 80 cents in the south. In Vermont the old rate was 60 cents and in the other three states the old rate was 70 cents.

### National's Ont. Appointment

National Fire has appointed Harold K. Ballantyne agency supervisor for Ontario and James C. Combe and R. John McKee as inspectors there. A new provincial office has been established at Toronto.

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*by Don Herold*

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  - 5—Loss of securities from safe deposit box.
  - 6—Loss of merchandise, fixtures and equipment by burglary.

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## Standard, Detroit, Names Gallagher Chicago Fire Mgr.

Standard of Detroit group has named Eugene F. Gallagher manager of fire and marine operations at Chicago. Mr. Gallagher, who has been manager of special services for the companies, will direct expansion of the service facilities of the Chicago office.

Mr. Gallagher for many years was superintendent of the public utilities department of Ohio Inspection Bureau. He joined Planet in 1945 as manager of the service department and in 1947 his activities were expanded to the group and he was named manager of special services, including production, education, public relations, brokerage, underwriting, engi-



E. F. Gallagher

neering, bureau problems and other special assignments. He will continue some of these activities at Chicago.

Mr. Gallagher has been a regular speaker before agents' associations and other insurance gatherings and has written many articles in safety and fire insurance publications. He was for some years acting chairman of the technical subcommittee of the intersectional committee for coordinating fire insurance practices and wrote the report manual for preparation of underwriting reports. His service in connection with a special report of National Board dealing with floods and fire underwriting won for him a civil engineering degree at his alma mater, Ohio State University, in 1940.

Bertil Petersson, a young man from Sweden, has been getting first-hand acquaintance with American insurance methods by working for three different companies during a three years' stay in the United States. He has worked for Travelers, Aetna Fire and American Foreign. He intends to return to Sweden next spring and enter insurance work. He had two years' experience there before coming to the United States.

## Allyn Announces N.A.I.C. Committee Appointments

W. Ellery Allyn of Connecticut, president of National Assn. of Insurance Commissioners, has announced new committee appointments. Those of interest to fire and casualty insurance are:

**Assistant Secretary's Office**—Hershey, Ill., chairman; Harrington, Mass.; Leggett, Mo.; Allyn, Sullivan, Kans., and Martin, La., ex-officio as N.A.I.C. officers.  
**A. & H.**—Knowlton, N. H., chairman; Downey, Cal., vice-chairman; Soule, Me.; Crichton, W. Va.; Leslie, Pa.; Bohlinger, N. Y.; Hanley, Md.; Hershey, Dickey, Okla.; Apodaca, N. M.

**Blanks**—Robinson, Ohio, chairman; Lange, Wis., vice-chairman; Harrington, J. S. Maine, Tenn.; E. L. Berger, Pa.; Burt, S. D.; J. McCann, Fla.; Carl Suverkrup, Ind.; Albert Burger, Minn.; C. B. Coulbourn, Va.; Russell O. Hooker, Conn.; J. F. Collins, N. Y.; G. H. McAtter, Wash.; L. H. Sanford, Mich.; C. D. Spangler, Neb.; F. T. McGovern, R. I.; Esse D. Langston, Miss.; W. H. Bittel, N. J.; John H. Powell, Ill.; J. R. Maloney, Cal.; Byron Beavers, Mo.; M. E. Martindale, Tex.; J. R. Glennon, Ia.

**Casualty and Surety**—Crichton, chairman; Gibbs, Tex., vice-chairman; Hanley, Terry, Utah; Rummage, Ariz.; Cheek, N. C.; Hemenway, Vt.; Krueger, N. D.; Dickey, O'Connell, Ida.

**Fire and Marine**—White, Miss., chairman; Allen, Tenn., vice-chairman; Bissell, R. I.; Burt, Terry, Taylor, Ore.; Rummage, Viehmann, Ind.; Brown, Tex.; Gaffney, N. J.

**Definition and Interpretation**—Leslie, Pa., chairman; Jordan, D. of C.; Cheek, Cravey, Ga.; Taylor, Viehmann.

**Fire Prevention and Safety**—Cravey, chairman; Southall, Ky., vice-chairman; Brown, Jordan, Swain, Del.; Donovan, Nev.; Taylor, Leslie, Harris, Minn.; Kavanaugh, Colo.

**Laws and Legislation**—Butler, Tex., Kavanaugh, Taylor, Downey, Cravey, Crichton, Leggett, Sullivan, Wash.

**Social Security**—Hanley, chairman; Apodaca, vice-chairman; Swain, Jordan, Donovan, Harris, Krueger, O'Connell, White, Dickey.

**Taxation and Real Estate**—Viehmann, chairman; Holmes, Mont., vice-chairman; Barrus, Wyo.; Swain, Gwaltney, Ala.; Murphy, S. C.; Robinson, Burt, Alexander, Ia.; O'Connell.

**Unauthorized Insurance**—Stone, Neb., chairman; Gwaltney, vice-chairman; Southall, Barrus, Holmes, Gaffney, Sullivan, Kan.; Soule, Maine; Sullivan, Wash.; Larson, Fla.

**Uniform Accounting**—Forbes, Mich., chairman; Leggett, Robinson, Gaffney, Bohlinger.

**Valuation of Securities**—Bohlinger, chairman; Harrington, vice-chairman; Gaffney, Hemenway, Alexander, Sullivan, Wash.; Stone, Larson, W. Allyn.

**Sub-Committee**—Harrington, chairman; Gough, N. J.; Bohlinger, Allyn.

**Workmen's Compensation**—Larson, chairman; Downey, vice-chairman; Lange, Wis.; David B. Lange, Me.; Allen, Gibbs, Sullivan, Kan.; Hershey, Murphy, Hanley.

**Special Committee on Interstate Cooperation or Compact**—Stone, chairman; Bohlinger, Martin, Harrington, Sullivan, Bowles, Knowlton, Forbes, Downey, Murphy.

## Archer Heads New York Office of Brown & Sons

Martin T. Archer has been appointed manager of the New York office of Geo. F. Brown & Sons of Chicago. Mr. Archer who has been for some time connected with the New York office was formerly with the Excess Underwriters in that city. He has been a specialist in the reinsurance and excess fields for many years as well as in all forms of Lloyds coverage. His appointment is a step toward their expansion of the eastern seaboard territory.

The New York office is located at 52 Wall street. In addition to its Chicago and New York offices, branches are located in Denver and Phoenix.

## GM Insurers 25 Years Old

General Exchange and Motors, the two insurers of General Motors, marked the 25th anniversary of G. M.'s entry into the insurance business with its own company at an anniversary dinner at New York where L. L. Lukes, pres-

ident, and other executives and the associates were honored.

Assets on Aug. 31, 1925, totaled \$1,516,823 and on June 30 this year \$14,458,364 for the group. Mr. Lukes noted that the two companies now are settling about 500,000 automobile physical damage claims a year. Currently premium writings are at the rate of approximately \$152 million a year, and there are 2,400 people on the staff at the head office and 158 branches.

## Hearing Held in Utah on Deductible Fire Policy

SALT LAKE CITY—Commissioner Terry conducted a hearing Aug. 26 on whether a deviation permitting a deductible fire policy could be granted in this state. Federal made the application for the deviation. The commissioner took the request under advisement, he promised a speedy decision.

Cecil O. West, Chubb & Son, San Francisco, presented the case for Federal. Harold S. Morr, manager Utah Fire Rating Bureau, raised several inquiries concerning the technical aspects of the application. E. Hugh Miller, Raymond Brandley, Ronald Woollaston and Roy Dyson, Salt Lake agents, asked for information on the new proposition. Special Agent William J. Pinckney of Royal and William Dillon, Fireman's Fund, also participated in the discussion as did Merrill K. Davis, executive secretary of Utah Assn. of Insurance Agents.

The deviation requested was on the same type of \$5,000 deductible policy which has been approved in 15 other states, rejected in one, and is under consideration, in some degree, in many other states.

Mr. West made a good case for having the deductible approved. Its success or failure will be controlled by its popular appeal, plus the competitive factor, he said. Certainly it will have an era of trial and error existence. Too rather than encourage the creation of self-insurance funds, Mr. West contended that this plan would provide a market which will recapture much business now being handled on a self-insurance basis.

The Chubb & Son representative said this \$5,000 minimum deductible is not unfairly discriminatory, inasmuch as it applies to every insurer within the class of insurance which qualifies for it. The insured can not, under the plan, insure his deductible, Mr. West said. The success of any deductible policy requires that the insured be prohibited from placing the deductible amount in any insurer.

## New Explosion Manual in Effect in New England

The new explosion manual is now in effect in New England. The completely revised manual of the Explosion Conference was filed by New England Fire Insurance Rating Assn. in Maine, Vermont, Massachusetts, Rhode Island and Connecticut.

## Honor 50-Year Agency

Fifty years of continuous agency representation at Muskegon, Mich., of Eureka-Security F. & M. were celebrated at a dinner for the Conklin agency, at which Floyd M. Conklin was presented a memento of the anniversary by Carl E. Case, state agent.

Eureka-Security originally appointed Peter W. Lasby as its local agent at Muskegon in 1900. On his retirement in 1928, Mr. Conklin purchased the agency and has since continued the representation.

## To Get Health Coverage

Alabama Assn. of Insurance Agents has authorized Life of Virginia to install a group hospital and surgical insurance plan for member agencies, their employees, and dependents. The company now provides group life for members.



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In 9 cases out of 10 the evidence is the same—people are guilty of starting forest fires. Always be careful. Hold your match till it's cold—then pinch it. Don't throw lighted cigarettes, cigars, or pipe ashes on the ground or out of car windows. Crush them out first. Drown your campfire, then stir and drown again.

## AETNA INSURANCE GROUP

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This advertisement also appears—in color—in TIME, NEWSWEEK, PATHFINDER,  
U. S. NEWS and WORLD REPORT. W. Ross McCain, President

**FOUNDED IN 1819**, the Aetna Insurance Company takes its name from the famous volcano, which "though surrounded by flame and smoke is itself never consumed." From that day to this—through wars, conflagrations and depressions—no policyholder has ever suffered loss because of failure of an Aetna Company to meet its obligations.



## Insurance Stock Salesmen See Profits in Crystal Ball

A very glowing account of the current and near future profit picture in the insurance business is painted in the sales literature of mutual funds which specialize in insurance stocks marketed by direct salesmen or through stock dealers countrywide.

Even with the probable enactment of an excess profits tax and a disturbed foreign situation, the business is in a very healthy condition, according to these accounts.

A mutual fund is an open end investment trust through which an investor, by buying a share of the fund, participates in the ownership of all the stocks and bonds it holds. There are 112 of these funds in existence with various types of investments. Three of the funds sell insurance stocks exclusively. Many others own some insurance shares.

### Thin Supply of Shares

Though they provide a fairly reliable long term yield, insurance stocks usually attract only conservative investors. They have slight speculative appeal. The supply of insurance stocks for sale though regularly listed, is very thin. Shares usually are retained by the in-

stitutional and other investors that hold them. Occasionally a batch of a few hundred or a few thousand shares will appear on the market when an estate is being liquidated. Consequently, the over-all ownership of insurance stocks as reflected by mutual funds is small.

The investment managers of these funds make continual analyses of the present and future earnings picture of the insurance business.

One of the funds is Institutional Shares, Ltd. Its insurance shares comprise one of four specialty type funds that the firm operates. Holdings consist of stock in 20 fire companies and two casualty companies.

### Tax Picture Bright

In its latest discussion of insurance trends the fund distributor's financial analysis predicts that war taxation will be a minor problem for insurance. In a study of the 10 year period ending Jan. 1, 1950, it says total taxes paid by insurance companies whose stocks it held averaged annually only 13% of earnings. This was contrasted with a 40% average for large corporations in other businesses depending upon their excess profits tax payments.

Forthcoming excess profit taxes are likely to follow the pattern of the last war, according to the survey. Wartime excess profit taxes provided exemptions, at the choice of the company, based on average earnings during 1935-39 or on a percentage of capital funds and borrowed money. With those exemptions and because 50% of fire company unearned premium reserve was treated as borrowed money, none of the companies whose stocks it held was required to pay any excess profit tax. The normal tax and surtax to which they were subject was far less than other industrial corporations because of two continuing factors: For tax purposes fire companies may report their underwriting earnings on a statutory basis whereby taxation decreases as premiums increase, and premium volume should continue to increase. Secondly, a substantial amount of insurance company investment income comes from common and preferred stock and 85% of that income is exempt from taxation.

Even if an excess profit tax is enacted, and if the normal tax and surtax rates are raised, as seems probable, the report says these favorable factors should continue to protect the earnings of insurers.

### FAVORABLE POSITION

The fire business is also protected against priorities and allocations, rationing and labor disturbances, it continues. Because the commodity of the insurance business is the dollar, there is no ground on which to conceive that companies would in any way be affected by the regimentation to be expected under wartime conditions. Further, the character of the insurance business and its personnel make it pretty much immune to labor disturbances.

The analysis points out to the potential investor that policies contain a provision that the company is not liable for loss or damage caused, directly or indirectly, by insurrection, civil war, invasion, war, riot, military action, etc. It says also that it is a foregone conclusion that companies will not alter their present policies to furnish war risk insurance and that the probable procedure will be the creation of a War Damage Corp. as happened during the last war.

### Earnings Up 200%

The earnings of the 22 companies in the last three years, after taxes, have risen by over 200%, whereas, as yet, the market value of their stocks has risen less than 30%. It represents today a discount of over 20% on the net asset or liquidating values underlying their stocks. Companies make it a practice to predicate dividends primarily on investment income and retain underwriting earnings to expand their business, the report says. The dividends which they have customarily paid over long periods of years have averaged approximately 80% of investment income. During the last two years, however, they have paid out on the average only about 60% due to their rapidly rising volume of premiums written and the consequent need for additional funds. Premium volume is now stabilized and there is no longer any reason why these companies should not again pay dividends up to 80% of investment income, which could mean dividend increases of more than 30%.

### Investment Leverage

Another investment sales argument mentioned is that insurers have \$3 billions in assets of which \$2½ billions are invested in income producing securities. In comparison the market price of the outstanding shares of insurance stock amounts to about \$1.3 billions or one-half the amount they have invested. The investor thereby benefits from an income earning leverage of about two to one; in other words, in the income from \$2 invested by these companies for each \$1.07 he invests in their stocks. This point is bolstered by a listing of several hundred financially strong firms

(CONTINUED ON PAGE 36)

## Western Millers Adds to E. C. Cover

Western Millers Mutual Fire has made available in Missouri what it calls a comprehensive perils endorsement for dwellings. It extends the policy "to include all perils which cause direct loss of or damage to the property insured." And in the advertising literature it mentions as types of losses that will be covered such things as rain, sleet, snow, earthquake, theft, flood, boiler explosion, vandalism and malicious mischief, and damage from broken plumbing and pipes.

There is a \$50 deductible and the exclusions are loss or damage caused by or due to faulty structural design or defective work or material; mechanical breakdown, wear and tear, loss of damage caused by dampness of atmosphere or extremes of temperature unless this is directly caused by rain, snow, hail, sleet, bursting of pipes or apparatus; depreciation, gradual deterioration, moth, termites, vermin, mold, rust, inherent vice; cracking of plaster, stucco masonry, walls or ceilings or other damage due to the settling of the property except damage caused by earthquake; loss or damage caused by or due to seepage of water through basement walls.

There is a minimum premium of \$5 and the rate is 10 cents per \$100 per year.

## Regional Meeting of Cal. Assn. Held at Los Angeles

LOS ANGELES — California Assn. of Insurance Agents and the insurance department officials were honor guests and speakers at a regional meeting here sponsored by Insurance Assn. of Los Angeles.

Frank Fullenwider, chief of the compliance and legal division of the department, reviewed the history and operation of N.A.I.C. and spoke on the proper keeping of books and records by agents and brokers. He cited instances where examinations had showed the agent had failed to keep close control of his agency in this respect as a result of which shortages had developed. He urged compliance with the requirements respecting fiduciary funds.

President Harold Barnhart of the California association called attention to the controversial subject of group writings. He said that at the state convention group writing in connection with trade organizations will be discussed. He told of the conferences with Pacific Board and Fire Rating Bureau on surcharges and expressed the hope that a solution of the problem will be reached. He said the association is opposed to compensation retrospective rating. He said a bill is to be introduced in the 1951 legislature on agents' qualifications that will raise the standard of agents. It will be patterned after the present law for life agents. He said membership now is 2,270.

William F. Williams, executive secretary, spoke briefly on the fight with the state compensation fund and said the association has obtained information regarding the fund that never before had been obtainable.

Similar meetings were held under the sponsorship of local associations at Long Beach, San Bernardino, Pasadena, Santa Monica, Glendale, San Diego and Santa Barbara to complete the southern California sector.

## Utah Convention Committees

Chairmen of the five committees for the annual convention of Utah Assn. of Insurance Agents have been announced by J. Edwin Stein, program chairman. They are: Nominations, William J. Holmes, Ogden; entertainment, Leland J. Paxton, Salt Lake City; credentials, Carroll B. Williams, Brigham; resolutions, Trace Turner, Ogden; auditing, Edward F. Folland, Salt Lake City.

## The poor agent who STOOD ON HIS HEAD



He knew the insurance business inside and out. He remembered names, he was systematic, and he made plenty of calls. If it would help write a policy, he would stand on his head.

All successful agents put a tremendous amount of effort into their work, but it takes teamwork on the part of both agent and company to transform persistence into policies. To make sure that the agent's hard work is not wasted at Pearl American, we think of his problems as our problems. Sympathetic consideration, reliable fieldmen's and underwriters' advice, and prompt service are combined with ample reserves and good reputation to help agents write more policies and earn more commissions.

No wonder so many agents and brokers who are tired of standing on their heads are teaming up with Pearl American.

# PEARL AMERICAN

PEARL ASSURANCE COMPANY, LTD.  
EUREKA SECURITY FIRE & MARINE INSURANCE CO.  
MONARCH FIRE INSURANCE COMPANY

HOME OFFICE: 19 RECTOR ST., NEW YORK 6, N. Y.

CLEVELAND, 320 Bulkeley Bldg.  
PHILADELPHIA, 436 Walnut Street  
SAN FRANCISCO, 369 Pine Street

NEW YORK, 26 Cliff Street  
CINCINNATI, 1423-24 Carew Tower  
CHICAGO, 175 W. Jackson Blvd.



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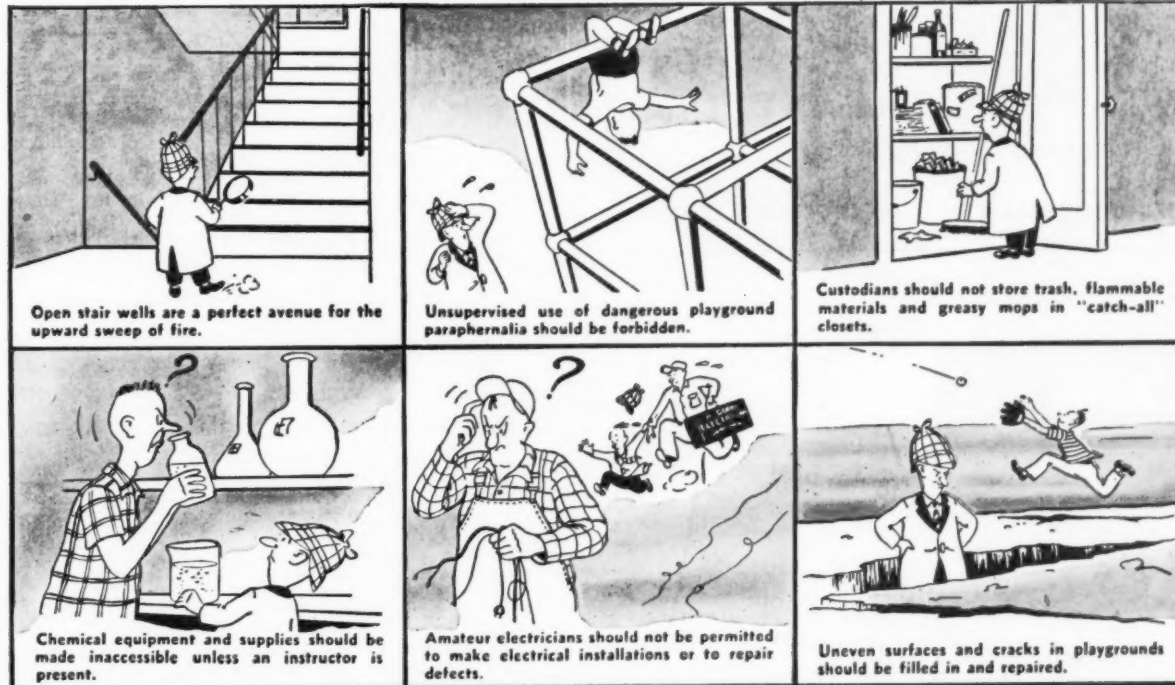
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# HOW SAFE ARE YOUR SCHOOLS? *asks Harry Hazard*



This month HARRY HAZARD is working with local agents at the important job of "selling" school safety which he does together with selling complete insurance protection.

The simple but vital rules which make schools safe for our children must be rigidly obeyed.

Strict adherence to these safety rules and all accident prevention methods should be the personal concern of everyone in the insurance business.

**What have you done for Community Safety this month?**

The American Insurance Co. Bankers Indemnity Insurance Co. The Columbia Fire Insurance Co. The Jersey Fire Underwriters  
© The American Insurance Co.

**1846**  
The American Insurance Group



He's a **SPECIALIST**,  
so are we . . . **SPECIALISTS** in **WRITING**

## HARD TO PLACE BUSINESS

### COMPREHENSIVE GENERAL LIABILITY

Taxi-Cabs  
Livery Cars  
Rental Cars  
Rental Trucks  
Rental Trailers

Motor Scooters  
Motor Bikes  
Motorcycles  
Overage Drivers  
Underage Drivers  
Financial Responsibility

Intermediate Trucks  
Long Haul Trucks  
Propane Haulers  
Gasoline Haulers  
Butane Haulers

## KURT HITKE & COMPANY, Inc.

175 W. Jackson Boulevard  
CHICAGO 4, ILLINOIS

WAbosh 2-3622

1671 Wilshire Boulevard  
LOS ANGELES 17, CALIFORNIA  
Dunkirk 8-3161

REISCH Building  
SPRINGFIELD, ILLINOIS  
Springfield 8-4305

## Our Aim....

- ..... To serve our agents to the best of our ability.
- ..... To offer the best possible protection to policy holders consistent with good business practices.
- ..... To deal honestly and openly at all times with our associates . . . our agents . . . our policy holders . . . our employees.



**GULF INSURANCE COMPANY**  
**ATLANTIC INSURANCE COMPANY**

**FIRE** **AUTOMOBILE** **INLAND MARINE**

## Rhode Island Unit Made No Complaint

Carleton I. Fisher, state national director of Rhode Island Assn. of Insurance Agents, advises THE NATIONAL UNDERWRITER there is no foundation at all for the report from Washington in this publication in an article in the Aug. 17 edition that Rhode Island Assn. of Insurance Agents has submitted complaint to federal trade commission regarding insurance practices of General Motors and its subsidiaries. It was also erroneously stated in that article that Rhode Island Agents Assn. had received a letter from FTC on the subject.

"I can officially state as an officer of the Rhode Island association that at no time has the Rhode Island Assn. of Insurance Agents filed any complaint on any subject with the FTC. I can also state that the Rhode Island Assn. of Insurance Agents has not received any letters from the FTC on the subject of General Motors," Mr. Fisher stated.

## New Ohio Rules on Form Language, Blanket Rates

Ohio Inspection Bureau has prohibited any clause or wording to the effect that specific or blanket forms "include property on which liability must be specifically named or assumed in order to be covered" or any similar wording. This is in line with the language of the 1943 New York standard fire policy, which requires that bullion and manuscripts must be "named in writing" to be covered. The older language was acceptable under the 1886 New York form.

Cincinnati Fire Underwriters Assn. will have its general form reprinted so as to eliminate the objectionable wording.

Also the bureau has stated that blanket average rates under reporting form A may be applied to "eligible property in the same or adjacent towns." A new specific insurance endorsement form has been adopted to be used with blanket average rates.

## Effect of Korean War on Auto Business Temporary

After a brief flurry in which prices shot up startlingly, the automobile market has returned to normal and dealers are hard pressed to move used cars off their lots. For a few days the so-called used new car, driven around the block to give it its peculiar status, was being sold several hundred dollars above list.

Otherwise the war has not yet affected the auto or auto insurance business. Auto production continues high. If the war produces inflationary pressure, physical damage insurers believe claim costs would start up faster than rates, as in the last war. This does not seem in the immediate offing.

In the financed auto insurance field, finance firms are disposed not to make long term commitments, and insurers are not making what they regard as a normal number of new contracts. Regulation W in some form is expected to be reappplied by the government. This would not be regarded wholly undesirable by the insurers, however. In the long run they would feel better about a shorter credit term and more realistic down payments. Before the Korean war some dealers were selling at practically nothing down and three years to pay to some buyers of no responsibility.

## Hale on Defense Job

Clayton G. Hale of the Hale & Hale local agency of Cleveland is serving for a short period as insurance consultant of the Defense Department. His work pertains to property and casualty insurance relating to Defense Department procurement under the mobilization program. During the last war he performed a similar service for the navy.

## N. D. Agents Ready for Annual Rally

The convention of North Dakota Assn. of Insurance Agents starts with a luncheon Friday of this week at the Patterson hotel, Bismarck, then there will be a round table discussion conducted by Charles A. Dawson of Fargo, the state national director. The banquet speaker that evening will be O. Shar Johnson, president of N.A.I.A., and the next morning the speakers will be Melvin J. Miller, vice-president of N.A.I.A. and George Blomgren, secretary of Minnesota Assn. of Insurance Agents and Charles Hoffman, executive secretary of Insurance Federation of North Dakota.

E. V. Lahr, Bismarck, heads the convention committee.

## St. Paul F. & M. Enters the Dog and Chicken Fields

St. Paul Fire & Marine announced that it is now insuring dogs and chickens through its marine department. For the individual owner of dogs, only pedigreed animals are insured. For the dog handler, all animals in his care or custody, plus his own dogs used for breeding or training, are insured. These are named peril contracts that include theft.

St. Paul requires a complete description of the dog and its kennel club registration number, if registered. If not registered, St. Paul wants a copy of the pedigree papers. The statement of a competent dog authority, dog fancier or kennel expert is accepted for valuation purposes.

In connection with the professional handlers form, St. Paul wants estimate value of dogs in custody, an acceptable casualty limit and the fire contents rate of the kennels where the dogs are kept. The description of the handlers' own dogs and an amount of insurance to apply to each.

## Chicken Cover Terms

The chicken insurance will be sold only to large feed dealers who exercise control and supervision over growers to whom they advance credit. It covers named perils on the premises of the grower and while in transit. The cover is limited to a period of four months from the purchase date of the chickens. The intention is to cover broilers and springers under this form and the grower is required to report monthly all new accounts and pay premiums thereon. St. Paul wants information on the limit required at any one grower's premises, estimated number of growers to be insured, the acceptable disaster limit, and a copy of the lender or feed dealers' form of agreement with the growers.

## Strike Insurance Helps Pay World Telegram & Sun Loss

An undetermined amount of strike insurance is carried in Lloyds by the Newspaper Publishers Assn. on its members which will cover part of the loss sustained by the New York World Telegram & Sun during its recent strike. Thirty days of protection is carried against plant damage and economic loss. It has been in force for about 30 years.

The strike, riot, and civil commotion clause in regular policies pays only for direct damages caused by strikers. None was caused during the strike. If use and occupancy coverage has been purchased it covers losses for the time the publisher is out of business because of the damage.

## Vaughan & Spencer Move

The insurance advertising agency of Vaughan & Spencer has moved to new quarters at 209 South La Salle street, Chicago. Charles D. Spencer & Associates, affiliated insurance publishers, remain at 166 West Jackson boulevard.



# Ready Murray Committee Starts Study of Health Insurance

A sub-committee of the U. S. Senate health insurance committee, headed by Murray of Montana, is preparing to launch the study of health insurance which was authorized by a Senate resolution adopted several months ago and will hold its first hearing at Washington Sept. 9. All of the insurance organizations interested have been requested to have representatives in attendance.

The investigation is to cover the status, methods of operation, types, potentialities and problems of health insurance plans. Senator Murray states that the subcommittee is planning to send out questionnaires on the development of additional voluntary plans, liberalization of their benefits, growth in membership and "deletion of limitations and exclusions from their benefits."

The committee has secured Dr. Dean Clark, general director of Massachusetts General Hospital, as consulting director of its survey, and Morris Pike, associate actuary of John Hancock Mutual Life, as assistant director. The subcommittee is to report by Feb. so there is some question as to how extensive a survey it can make in that period.

## Del. Race Is Between Ferguson and Murphy

The race for insurance commissioner of Delaware is between William E. Ferguson of the Rawlins & Ferguson local insurance agency of Bridgeville, on the Democratic ticket, and William R. Murphy of Milford, Republican. Mr. Murphy was selected by the Republican state convention. William J. Swain, who has been the commissioner for the past two terms, is no longer a candidate for re-election.

## Lloyds Withdraws Its "Hole-in-One" Golf Policy

The committee of Lloyds of London has bulletined members that the noted "hole-in-one" golf policy is not considered to be an appropriate matter for insurance coverage, and the policy has been withdrawn.

The coverage had come to be somewhat famous. The action of Lloyds follows on the heels of a hole-in-one shot by W. A. Seely, western manager of Hum & Forster, who collected \$400 under his Lloyds policy.

## Drake University Offers C.L.U. and C.P.C.U. Courses

DES MOINES—Drake University's community college will offer C.L.U. and C.P.C.U. courses this fall.

The life course is in its fourth year. Drake. P. C. Irwin, vice-president and actuary of Equitable Life of Iowa, will teach the C.L.U. course.

For the first time Drake will offer all five parts of the C.P.C.U. course. Previously only the first two parts had been offered.

Wayne Mackman of Jester & Sons and Jack Wheaton of the Hopkins agency will teach parts 1-2. Members of the Drake staff will teach the other three parts.

## Average Claim \$37

A report of an examination of Illinois Medical Service of Chicago that was conducted by the Illinois insurance department has brought out that the average claim payment is about \$37. This is the medical service concern that is operated in close conjunction with Hospital Service Corp., which is the Blue Cross plan in Chicago. Illinois Medical Service has written agreements with the majority of practicing physicians in

15 counties. Hospital Service Corp. does the underwriting. At Dec. 31, 1949, assets were \$409,294 and surplus \$200,800. During 1949 the premiums were \$896,740, claims paid \$381,335, payments to Hospital Service Corp. for staff service \$81,528.

Premiums earned were \$830,898, losses incurred \$151,211, gain from underwriting \$215,851. Loss ratio was 55.8 and the underwriting expense ratio 18.2. The number of insured was 143,530 of which 139,280 were under the group plan. Most of the medical claims are for hospital cases, but some claims are made

for services rendered in the doctors' offices for emergency cases. Claims for home maternity cases are also allowed.

## Chief Examiner Retires

WASHINGTON—C. F. Creighton, chief examiner of the District of Columbia insurance department, retired after 25 years' service with the department.

## Commissions Are Upped

Improved Risk Mutuals announces an increase in commissions on ordinary

business and inland marine effective Sept. 1 from 12½ to 15%. Commissions on preferred business remain at 20%, and commissions on reporting policies other than inland marine remain at 10%. On risks that because of size or hazardous elements require placing of reinsurance on the open market the commission is 7½% as usual.

ARTHUR E. BUSS, who died recently had charge of the fire insurance department of the Dick & Reuteman Co., of Milwaukee. His age was 66. He started with Dick & Reuteman as office boy 53 years ago.



The carefree Grasshopper—fiddling his way through balmy weather—had nothing but derision for the industrious Ants who spent their time getting in food against the rigors of winter. But when the cold weather arrived, the Ants were secure and the Grasshopper perished.

It is hard to believe that today there are many who are listening to the siren song of "cradle to the grave" security—and are ready to leave the Ants and join the Grasshopper.

The American people are now fighting for a fundamental principle—that true security rests solely on the industriousness and productivity of the individual working in a free economy.



# Fireman's Fund Group

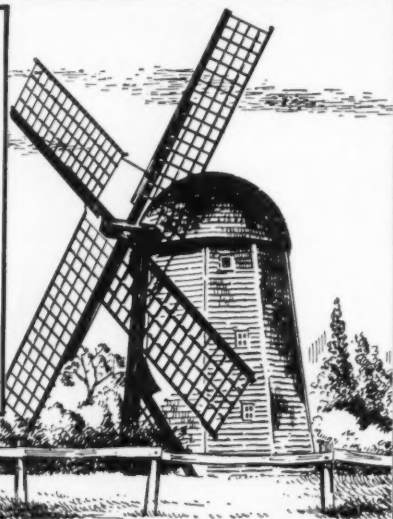
FIRE • AUTOMOBILE • MARINE • CASUALTY • SURETY • FIDELITY

Head Office: 401 California Street, San Francisco 20, California  
Departmental Offices: New York • Chicago • Boston • Atlanta • Los Angeles

FIREMAN'S FUND INSURANCE COMPANY • HOME FIRE & MARINE INSURANCE COMPANY  
FIREMAN'S FUND INDEMNITY COMPANY • WESTERN NATIONAL INSURANCE COMPANY • WESTERN NATIONAL INDEMNITY COMPANY

CONANICUT WINDMILL . . . Conanicut Island lies between Newport and the mainland and legend says that Captain Kidd's gold lies buried there. More in evidence is the shingle-clad windmill whose bonnet used to revolve so that the sails might face the wind. The fine-grained stones ground native white flint corn into a powdery meal which early settlers cooked like flapjacks on oaken planks propped before a fire. The meal was easy to carry on long journeys, so the cakes were called "journey cakes" . . . time made them "johnny cakes."

The Pawtucket Mutual Fire Insurance Company does not keep its "gold buried" . . . it has shared it with policyholders for more than one hundred years by providing continuous dividend payments.



The picture on this advertisement and others in the series will be used in the 1951 desk calendar, copy of which may be obtained by writing to the address below.



INCORPORATED 1848

**PAWTUCKET MUTUAL**

FIRE INSURANCE COMPANY

26 MAPLE STREET, PAWTUCKET, RHODE ISLAND

## Surplus Line Market

*Fire and Casualty  
for Agents and Brokers*



**NARRAGANSETT  
INSURANCE COMPANY**

OF PROVIDENCE, RHODE ISLAND

49 Westminster Street

## Bureau Seeks Safety in Pleasure Boating Field

NEW YORK—A small, interesting organization, the Yacht Safety Bureau at 21 West street here, is extremely active in promoting safety in pleasure boating. It is an independent organization, cooperatively supported by 19 yacht underwriters and the National Assn. of Engine & Boat Manufacturers, for the benefit of all interested in boating. The organization is conducted on a non-profit, public service basis.

The bureau came into being in 1947 as an organization to continue and develop safety efforts begun in 1929 by E. D. Wright, independent marine surveyor. Mr. Wright's work permitted him to gain an excellent understanding of unsafe conditions and practices which, at that time, prevailed. His own deep personal interest in pleasure boating caused him to enlist powerful support from yacht underwriters in a cooperative effort to decrease motor craft fires. His office became familiar as the "Bureau for the Prevention of Explosion and Fire on Motor Boats."

### Links Builders and Boaters

The organization as it is today can be considered a link between commercial interests concerned with boating and the boating public. It is a "clearing house" of boating safety information open to inquiry by any organization or individual interested in boating.

The bureau divides its operations into four fields: the boating public, which includes yacht clubs, power squadrons, Coast Guard auxiliaries, and individuals; boat builders, including designers; boat servicing organizations, such as storage and repair yards; and the boat accessory field.

The opinions expressed by the bureau on safety matters reflect the combined thinking of a representative group of marine surveyors, who are either on the staffs of supporting insurers or are independent surveyors whose services the supporting underwriters frequently utilize. The interests of the underwriters concerned closely parallel the interests of the public they serve. The bureau generates, influences and guides specific safety opinions on various accessories or for pleasure boat construction and design as a result of its study of actual causes of accidents occurring on insured pleasure boats. Through the bureau, by individual and confidential reports, the supporting underwriters contribute and combine their experience to determine the various causes of accidents, particularly those that are repeated. This gives the bureau a broadly based field for studying causes and for developing preventive provisions.

### Three Guiding Principles

A specific service of the bureau that is becoming increasingly useful is that of being an organization to which producers of accessories in the pleasure boat field can submit their products and secure the opinions of the representative group of marine surveyors. For processing this service, the bureau adheres to three guiding principles: 1. The service is available to producers on a strictly voluntary basis. 2. Items must be offered for use on pleasure boats. 3. The item has a potential fire peril.

Under this service, such items of equipment as bilge pumps, valves, fuel line fittings, heaters, galley stoves, compressed gas indicators, etc. have been reviewed. By this, it is not intended to imply that the bureau is an examining or testing organization in the sense of Underwriters' Laboratories. The service, however, is a means through which producers of such accessories can, without cost to them, obtain the benefit of knowing whether or not the use of their products on pleasure boats would affect the insurability of boats.

In the course of operating this service, the bureau is frequently able to make

recommendations to producers which improve the safety features of their accessory and, when complied with, permit the use of them without adverse affect on the insurable character of boats. Further, it frequently proves desirable to develop installation standards for particular accessories and such standards become incorporated in the installation instructions which producers provide with their accessories. The direct benefit of this service to producers is obvious as well as the benefits that accrue to the boating public.

Because the bureau is concerned with the security of pleasure boats, whether afloat or ashore, it is active in working with service yards in improving conditions under which boats are stored and repaired. Many of the service yards in the eastern area are personally visited by bureau representatives. Others in various parts of the country are reached by correspondence.

It is, perhaps, natural that the bureau's major efforts should be in the field of fire prevention. For this there is good reason—fire accidents hit the hardest, are the most fearful, and yet yield the most readily to prevention. It has been reliably estimated that pleasure boat fires in the United States occur at the annual rate of some 700. As is true in all fields in which fire takes its toll, loss of life, personal injury, and much of monetary value, is involved. To be added is the unmeasurable loss to the entire boating field which the publicity of such accidents causes. Hence, there is a real need for the services being provided by the bureau.

### 200,000 Safety Booklets

"Fundamentals for the Prevention of Explosion and Fire on Pleasure Boats" It is published by the bureau. The pamphlet is prepared for boat owners and operators and distributed to them through boating organizations such as yacht clubs, power squadrons, Coast Guard auxiliaries, in response to individual requests, or via commercial organizations such as insurance companies, oil companies, and boat service yards. Distribution of the pamphlet is free through non-commercial organizations. The commercial organizations purchase the pamphlet at cost from the bureau. Since August, 1948, nearly 200,000 copies have been distributed in the U. S. and Canada.

The bureau is one of those organizations whose results, in "accidents that don't occur," are increasingly intangible as its work is increasingly effective. This intangibility of results and the condition that the bureau operate as a public service organization for the benefit of those concerned with pleasure boating, commercially or for pleasure, means that all underwriters handling yacht insurance derive benefit. Naturally the bureau is most desirous of spreading its economic support equitably among all yacht underwriters.

### Terwilliger Is Head

E. S. Terwilliger, head of the bureau, used to be head of the yacht loss bureau of Atlantic Mutual, having spent six years with that company before the war and 18 months with it following the war. The combination of this experience with more than five years in the navy gave him a keen interest in boats and boating.

The attitude of the underwriters toward the bureau and its work is expressed by one of them: It constitutes a central organization providing a service of substantial benefit to the insurance companies, boat builders and insured. Though insurers are interested in showing a profit in their operations in this field, the boat owner is interested in the safety of life and limb—that of himself, his family and his friends, and in the preservation of the boat for pleasure use.



## Much Interest in Decision on Issue of Commission

NEW YORK—When the New York court of appeals, the state's highest court, hears the case of Western National vs. Haph Brokerage, some of the fire companies may file a brief as friends of the court because of their interest in the issue. There has also been some discussion of the drafting of an agreement which would be used by companies or agents with brokers. Insurance Brokers Assn. of New York is in the case as amicus curiae, with Lawrence Pomeroy and Elmer W. Sawyer of counsel.

The brokers are interested in the right to retain the commission on a policy cancelled by insured or insurer, even though the right is one which at least all good brokers only infrequently assert. Still, they would hate to see the right lost by court decision. They think the ruling in the Haph case is sound. It is not new. As the opinion rendered by the appellate division of the supreme court clearly stated in the Haph case, and other decisions have upheld this view, the broker is entitled to the commission gross and does not have to as a matter of law refund that portion applicable to the unearned premium.

### Not Practice of Good Broker

However, it is not at all general practice of brokers to retain the commission on the unearned premium portion of the cancelled policy. Brokers point out that in the Haph case the court clearly limited its decision to the circumstances specifically applicable there. The judge stated that since the question keeps recurring the court was providing an informative opinion.

It made clear it was talking only about a fixed premium policy cancelled by insured or insurer, and not one subject to audit or dependent upon any future arrangement between the parties. The contract, not an action by a broker against insured for loss of commission because of cancellation, not a situation in which cancellation could be attributed to the broker himself. The question was a narrow one to determine whether the broker who receives his commission on policies providing for fixed premiums which have been paid to the insurer is obligated as a matter of law, in the absence of any agreement, to refund to insurer an appropriate portion of his commission because of cancellation of the policies before maturity.

The court added that if the insurer desires to be protected in event of cancellation in a manner sought by Western National, it may readily obtain that protection by agreement; the law does not protect the company. There is no general custom or practice in insurance shown in the case that would call for a contrary decision, and as a matter of fact the insurer sought to charge insured with the amount of commission and then claimed a return from the broker.

Apparently there is no general use of agreements between brokers and agents and/or companies calling for the return of commission by the broker on unearned portion of cancelled policy. It is said that one of the companies uses on its billhead a notation to the effect that the broker by acceptance of the insurance agrees in the event of cancellation to return the commission on the unearned portion of the premium. However, it is a question as to whether this constitutes an enforceable part of the contract with the broker.

The right to keep the whole commission apparently is asserted mostly when a whole account is being lost as result of cancellation, and not just an occasional policy. The attitude of brok-

ers is that they have put the business on the books and are entitled to a commission on the business—it may have been business that cost them a lot of effort or it may not.

Most decisions on this point are in New York. This is because so much of the business in metropolitan New York is done by brokers, and here the brokers work more closely with companies than elsewhere. A great deal more business flows through the brokerage channel than elsewhere, and there are a great many more brokers. Out-

side New York City a broker may also be a local agent or even a general agent, and the business is divided up among local agents, general agents and brokers.

It is reported that a lot of small brokers in New York City are misinterpreting the Haph decision, erroneously concluding that it is now the law that they are to retain the commission on the full gross of the policy or policies, whether a policy is cancelled, or even where the liability may be reduced. For example, a broker of-

fered a piece of business to an agency not long ago, one that involved on and off locations. Insured knew in advance that some of the locations would be cancelled during the term of the policy. The broker wanted an endorsement with the agency calling for payment of commission on the gross premium, saying that this now was the law. Nothing in the court's decision would make it so; in fact the court went to considerable length to delimit the opinion to the circumstances involved.

## Fire-Fighting is Your Job, too!



Fighting fires before they ever get started is an important part of your job. Not only as a valuable public service, but as a help in writing new business, too.

Well-planned Fire Prevention service in your community can have a definite effect on specific individual rates — and, by reduction of fire hazards, widen your market of acceptable risks.

Working on Fire Prevention is also an excellent way for you to meet new prospects, but it should be done on a year 'round basis. Make Fire Prevention Week just the start of a 365-day per year cam-

paign on your part to help cut down our staggering national fire losses. That's good business any way you look at it!

The National Board of Fire Underwriters offers you a variety of promotional material. And your local Fire Association or Reliance field man is ready to show you how to use it best. Remember, his experience is for *you* to draw on.

Head Offices: 401 Walnut St., Philadelphia 6, Penna. Branches in Atlanta, Chicago, Dallas, New York, San Francisco, Toronto. Claims and Settling Agents throughout the world.



## Fire Association

SINCE 1817

Symbols of Security



SINCE 1841

## Reliance

INSURANCE COMPANIES OF PHILADELPHIA

## Upholds Ark. Law Subjecting Hospital Insurer to Direct Action for Tort

The federal court for the western district of Arkansas has overruled St. Paul-Mercury Indemnity's allegation of unconstitutionality against an Arkansas statute which provides that an injured person shall have a direct cause of action against the liability insurer of "any cooperative, non-profit corporation, association or organization, or . . . any other organization or association of any kind or character, not subject to suit for tort." This provision which is identified as section 66-517 was enacted in 1947. The case was Michael vs. St. Paul-Mercury.

Michael alleged that he was injured as the result of negligent conduct on the part of employees of St. Edward's hospital; that the hospital is a non-profit association, not subject to an action for tort under the Arkansas laws and that hence he has a direct cause of action against St. Paul-Mercury which insures the hospital.

St. Paul-Mercury argued that the hospital is directly responsible for the torts of its employees and, therefore, section 66-517 is inapplicable, with the result

that the suit must be against the hospital rather than against the insurer; also it was argued that the section wherein it attempts to authorize a suit directly against an insurer, is violative of the due-process clause and equal protection clause of the 14th amendment to the U. S. constitution as well as the contract clause of the constitution and that the section violates the due-process and equal protection clauses of the Arkansas constitution.

### "Subject to Suit"

St. Paul-Mercury among other things argued that the hospital was "subject to suit for tort," but on this score the court declared that it is unrealistic and impractical reasoning to say that a judgment might be obtained although the trust fund of the corporation cannot be reached on execution, therefore absolutely nothing realized from a judgment for tort.

St. Paul-Mercury also cites a 1947 law known as section 64-1325 making subject to suit for tort all "cooperative corporations and associations." The

question of whether this hospital constitutes a cooperative corporation under this law presents a factual question that should be determined at the trial on the merits. However, the court expressed the opinion that this section does not apply to all charitable organizations and does not destroy the rule against tort liability protecting such organizations.

The court concluded that under the Arkansas law a charitable corporation is "not subject to suit for tort" within the contemplation of section 66-517 with the possible exception of a cooperative on which the court expresses no opinion until properly confronted with that question.

### Purpose of Legislature

The court said that the Arkansas legislature in enacting section 66-517 was prompted by the desirability of affording injured persons some compensation for injuries received through the tortious conduct of organizations and agencies not subject to tort liability. By this method, merely permissive, the public interests may be served through the preservation of the no tort liability doctrine in proper cases and the relief of deserving persons injured by such organizations. No doubt, the court said, the legislature was apprised of the fact that such organizations and agencies were purchasing liability policies which were, in all probability, worthless if the insurer chose not to respond, and wished to remedy this situation by corrective legislation. There is nothing compulsory about the legislation and the various insurers may contract or not contract as they choose.

If they choose to do so, their complete freedom to contract is impaired to the extent set forth in the statute. This impairment is amply justified by the commensurate enhancement of the public interest. Therefore, the legislation is not unconstitutional as violative of the due process clause. On the matter of the equal protection clause, the court said it finds no merit in St. Paul's contention that the statute violates any right of St. Paul secured by that clause. It must appear that the statute arbitrarily and unreasonably discriminates in favor of one individual or class over another. There is no discrimination against St. Paul-Mercury in favor of other insurance companies. All are affected exactly alike. Any discrimination in favor of injured plaintiffs in that they may proceed directly against the insurer, is neither arbitrary nor unreasonable. If this be a discrimination, it is a permissive legislative classification. It is not fatal because the legislature singled out this particular field to authorize a direct cause of action.

There is a provision in the law that the terms and provisions of the act shall become a part of any insurance policy so carried regardless of the terms of the policy itself. As to insurance issued after the date of enactment, there would be no impairment of the obligation of contracts as condemned by the constitutional clause barring states from passing any law impairing the obligation of contracts. As to contracts in existence at the time, there may be a question. Facts pertaining to the policy here do not appear from the complaint, but the injuries were received in 1950, some three years after enactment of the legislation. When these facts are established, the court will dispose of any questions which may be presented under this provision of the constitution.

### Essex County, N. J., Outing

The annual outing of Essex County (N. J.) Insurance Agents Assn. will be held at Glen Ridge Sept. 15. There will be a golf tournament and a dinner with entertainment in the evening. Officers of the New Jersey Association have been invited to attend.

### Wis. Rate Story Correction

In the story in last week's issue on the revision of an order reducing fire rates in Wisconsin, Robert M. Rieser, Madison, representing Fire Insurance

Rating Bureau of Milwaukee, was quoted as characterizing reductions as "unfair, discriminatory and unjust, because the 2½% profit margin would be inadequate and contrary to the return of 50% as advocated by National Assn. of Insurance Commissioners." Mr. Rieser actually said "contrary to the return of 5%" as advocated by the commissioners.



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## Insurance People Watch Political Situation in N. Y.

NEW YORK—Walter A. Lynch was agreed upon by New York state Democratic leaders as candidate for governor in a pre-convention caucus. Mr. Lynch was the chief Congressional proponent of retroactive federal income taxes on life companies and has been fighting for the inclusion of total and permanent disability benefits in social security. The remaining opposition to Lynch favored Oscar R. Ewing, federal security administrator.

Earlier Judge Albert Conway of the court of appeals, former insurance superintendent, was a front running candidate but he withdrew after being opposed by the C.I.O.

Insurance names were set to enter the Republican party picture when Joe Hanley, incumbent lieutenant governor, decided whether he would run for that office again or for the Senate. State Senator Walter J. Mahoney, Buffalo, former head of the joint legislative committee on insurance rates and regulation, has supporters who wanted him to run for lieutenant governor, although he was said to prefer his job as head of the Senate finance committee.

Miss Mary Donlon, chairman of the workmen's compensation board and administratrix of the state disability benefits law, was mentioned as candidate for the Senatorial nomination.

## 10 State Officials to Be at Ellery Allyn Dinner

The insurance commissioners of 10 states will be at Hartford Sept. 12 for the testimonial dinner honoring Connecticut Insurance Commissioner W. Ellery Allyn. Mr. Allyn last June became president of National Assn. of Insurance Commissioners. The toastmaster will be Peter M. Fraser, president of Connecticut Mutual Life.

The insurance officials who will attend are: Soule of Maine; Harrington, Massachusetts; Knowlton, New Hampshire; Bohlinger, New York; Robinson, Ohio; Leslie, Pennsylvania; Bisson, Rhode Island; Murphy, South Carolina, and Lange, Wisconsin.

The dinner is sponsored by eight associations of insurance people and by the Connecticut insurance companies.

## Nichols Retires, Talcott in National Union Detroit Post

L. C. Nichols, since 1932 Detroit and Wayne county manager for National Union, has retired under the company pension plan.

Richard H. Talcott, special agent in Wayne county for two years, has been appointed successor to Mr. Nichols. Mr. Talcott is an engineering graduate of Illinois Tech. He started in the business with Michigan Inspection Bureau and prior to joining National Union was with a Detroit local agency.

## Harry Short Promoted

Harry Short has been appointed assistant manager of Home's metropolitan and suburban adjustment department in New York. He joined the loss department in 1941 as an adjuster, transferred to Brooklyn in 1946 and returned the same year to the home office.

## Trend of Auto Deaths Still Up

More personal injury automobile accidents occurred in New York state in June than for any June in 26 years, and a record high was established for property damage accident frequency. Deaths in June totalled 159 and injuries 12,625, compared with 156 and 9,980 last year the same month. Property damage accidents numbered 13,308 this June and 12,453 last June, with a dollar comparison of \$5,325,000 against \$3,866,000.

According to the New York bureau of motor vehicles, travel mileage in June increased 6% and motor vehicle registrations for the first six months 8% over corresponding periods of 1949. The number of M.V. fatalities in rural areas increased from 84 to 105.

## McCarthy on Mutual Card

National Assn. of Mutual Insurance Agents has scheduled Senator McCarthy, Wisconsin, as a speaker at its annual convention at the Statler hotel, New York City, Oct. 16.

## Name Health Resources Group

WASHINGTON — Chairman Symington of national security resources board has appointed a health resources advisory committee. Headed by Dr. Howard A. Rusk, New York University, to assist and advise the board on problems of the nation's health relating to national mobilization. Dr. W. P. Shepard, vice-president Metropolitan Life and public health professor at Stanford University, is on the committee.

Kelley Automobile Club of Los Angeles has applied for license to write insurance. R. Leslie Kelley is president.

## Companies' First Six Months Results

	Assets June 30	Surplus June 30	Increase or Decrease in Surplus from Dec. 31	Premiums First Six Months 1950	Written First Six Months 1949
Central Mut. Cas. ....	1,295,023	312,973	—7,593	499,014	404,029
Fireman's Fund Indem. ....	56,682,147	14,255,558	262,258	15,949,758	13,874,677
Fireman's Fund ....	165,163,038	72,999,758	2,835,828	32,248,477	32,905,976
Northeastern ....	11,286,757	2,344,548	171,872	3,535,502	2,528,424
Western Nat'l ....	10,948,049	3,442,320	82,583	2,795,665	2,529,922

dent; Sidney H. Kelley, vice-president; Ray S. Marshall secretary. All are associated with the Kelley Car Co., automobile dealers.

## New L. & L. Canadian Office

London & Lancashire has opened an office at Calgary, Alberta, Can., with G. A. Potter as manager and F. J. King as agency inspector. Mr. Potter has been provincial inspector for Alberta and Mr. King has been provincial inspector for Saskatchewan.

## New N. Y. License Ruling

The New York department has issued a ruling effective Sept. 1 requiring all applicants for licenses who fail four consecutive written examinations to submit a new application and new fee

before being admitted to further examination.

In a letter to the companies, the department said the action is necessitated by the increased number of examinations taken by persons who "apparently have not been properly trained or prepared for the examinations."

## N. M. Group Plan Up

A plan of group insurance is to be submitted for discussion at the convention of New Mexico Assn. of Insurance Agents at Albuquerque, Friday and Saturday of this week. Irving Menger is chairman of the committee.

Postal Life & Casualty has named Argolis Clark, Gene Lott and Richard Queen as supervisors.



Each time you sell a policy you pass or fail as an insurance man. This is the time to keep your wits about you and give your prospect the "right" insurance for him.

But, how can you give a man the proper insurance if there's even a doubt in your mind about how to answer this question—

"I'm a building contractor completely equipped with mechanized vehicles. However, bad weather bogs down my equipment and because I have a deadline to beat in completing my contract I rent, without notifying my insurance carrier, a number of teams of horses to move materials. During the operation the harness breaks, the animals bolt, run wild and seriously injure a woman passing by. Would my Comprehensive General Liability policy protect me from claims brought for damages caused by the team?"

Stop wondering! The answer to the quoted question is contained in the Group's current issue of "True or False." Your copy is available on request to our Advertising Department.

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## Insurance Education Progress Told

(CONTINUED FROM PAGE 1)

cover loss from only a few perils that are picked out by the underwriter.

Mr. Rodda remarked many insurance buyers, and perhaps most of them, want indemnification for all losses which result from accidental cause regardless of the size of the loss. It is debatable as to whether they need reimbursement for small losses.

"We have seen a pattern grow in the insurance business in which infrequent losses such as those from fire and extended coverage hazards are paid in full, whereas losses with a high frequency such as automobile collision losses are subject to a deductible," he continued. Aircraft losses tend to follow those in connection with other vehicles, although there is a greater relative frequency of collision losses than is the case with automobiles because of the fragile nature of an aircraft. The result has been that aircraft insurance has tended to follow automobile insurance, but with

the difference that higher deductibles have been used in respect to certain losses. Collision losses from flight accidents and ground accidents are subject to deductibles under most policies, but losses from fire and wind usually are covered for the full loss. Fire and wind losses are likely to be severe when they do occur in connection with an aircraft, but their occurrence is relatively infrequent as compared to collision losses.

Liability insurance for airplanes has tended to follow automobile insurance except that liability coverage for injury or death of a passenger has been separated.

Insurance in connection with aircraft operation has tended to follow time-worn trails, Mr. Rodda observed, rather afford as many innovations in coverage and methods as would be expected. An important reason for this is that the underwriter likes to define

his coverage to fit his rating requirements. In order to make the rating of an aircraft liability risk simpler, the casualty underwriters have divided aviation casualty insurance into three parts—property damage liability, public liability and passenger liability. Thus instead of the underwriter taking an opportunity in a new industry to simplify the coverage on the aircraft, he has further complicated it by the addition of a new grouping.

From the standpoint of the policyholder, Mr. Rodda opined, a better policy would have resulted if the underwriters had arranged to issue a single policy providing for indemnification for any loss due to liability for injury to the person or property of another. The division of coverage into passenger liability, public liability and property damage, with varying limits of liability for each type of coverage, is for the convenience of the underwriter and the rater, and is not for the benefit of the policyholder, he added. If the insured aircraft is accurately described in the policy, he said, there is no compelling need to break down the coverage in the same way as the rating structure is broken down.

Another reason for his following old pathways is the underwriter's dependence on court interpretations of existing policy language, Mr. Rodda pointed out. The convenience of using time-tested wording takes precedence over the possibility of providing better coverage.

On the credit side, Mr. Rodda said that aviation underwriters have kept abreast of other branches of the industry in providing simplified coverages. An airplane owner can buy a policy which insures his plane for all risks of loss or damage while in flight and while on the ground, subject to deductibles on those portions of the risk where loss frequency is high.

### Better Pilots Not Covered

"In aviation insurance, as in other fields, we find a tendency for the policyholder to attempt selection against the company when he believes that he can prevent a loss, or that his circumstances are such that a loss is not likely," Mr. Rodda explained. "The pilot who considers himself careful and skillful frequently buys ground coverage only, and refrains from buying flight or crash coverage. He feels that an airplane on the ground is subject to the hazards of fire, windstorm, collision with other aircraft, and other hazards over which he has little or no control. However, he feels that the chances of loss due to crash are within his control because he is a skillful pilot. This selection against the company has been a factor in keeping the rates for flight or crash coverage at high levels. A large proportion of the better pilots do not carry flight coverage."

Casualty companies have a single limit aviation liability policy, but it is not sold extensively, Mr. Rodda commented. The policy provides for a single limit of liability applying to any accident for which the insured may be held liable. It can be written to include public liability, passenger liability and property damage. This seems to be a logical arrangement from the standpoint of the policyholder, Mr. Rodda said. He is not interested in having the company's liability limited to a specified amount for one person and to another amount for one accident, and to still a third amount for damage to property. The customer is interested in protection against loss from any cause. The policy has a natural appeal

because it is simple and easily understood and because any loss up to an amount specified will be covered.

Another forward step in the aviation liability field has been the development of a combination policy for airport operators, Mr. Rodda said. When airport operators first sought coverage against their legal liability for accidents, they were offered a multiple of policies. Altogether, an operator might have a dozen different liability policies if he

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Fire and Casualty Agency enjoying substantial premium income in city of Pittsburgh. Address B-59, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Half interest in desirable casualty and fire insurance agency in Fargo, North Dakota. Address B-61, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.



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were to be completely protected for injury to the person or property of others. The combination policy includes protection against all the hazards which may cause damage or injury in connection with the airport operation. It is comparable to the comprehensive general liability policies which have become popular for the protection of other lines of business.

#### Spurred by Sad Experience

"I believe it may be said truthfully that these broad policies have been produced largely because of sad experience on the part of policyholders, rather than because underwriters sought to broaden their policies," Mr. Rodda stated. "The aviation industry points up the need for broad coverage more sharply than other industries because a new business tends to reveal its needs without submitting to well-worn paths. The aviation business man has not yet become satisfied with the limited coverages which insurance people have been willing to provide."

"By looking at the needs of this new industry, although a small part of the insurance business, we can get an indication as to the future trend of broadened coverages throughout the entire industry. It seems to me that one of the important needs in improving the services to our policyholders is the separation of rating from underwriting. By this I mean that the needs of the policyholder as to coverage should be determined strictly from an underwriting standpoint. The rate should be determined on the basis of the coverage needed, and the coverage should not be limited according to the convenience of the rating schedule and those who apply it."

#### Agent Must Be on Toes

Many underwriters have feared the new comprehensive policies, apparently because an agent who is not thoroughly expert in all lines of insurance may place the company on a risk without revealing the full hazard to the company, Mr. Rodda observed. The company writing a combination liability policy for an airport operator would need to know in great detail the operations in connection with the business. He would need to know whether a restaurant was operated, whether repair work was done, how much servicing of aircraft was done, as well as all the other information concerning the physical aspects of the airport.

Still a further requirement of these broadened coverages, Mr. Rodda said, is a professional type treatment by the agent and the underwriter. The underwriter or agent must have the learning and skill necessary to provide the policyholder with the coverage he needs, and he must also provide the insurance company with the information needed for proper underwriting and rating of the risk. He must also have high ethical standards in his relations between the policyholder and the company.

The agent and underwriter have to know what is included in the broad coverage, and they also have to know what losses are excluded and why, Mr. Rodda stated. Broad coverages and multiple line underwriting, he concluded, require more expert selling and servicing of policies than limited coverages and specified perils policies.

#### Believe Wage Stabilization Bill Can't Apply to Agents

NEW YORK — Agents are almost unanimously agreed that the economic controls bill passed by the Senate cannot stabilize their wages, even though a clause concerning "fringe" payments might be interpreted loosely as aimed at commissions.

The opinion is expressed in insurance circles that agents could not be covered directly under such a law any more than they were in the past. Although many agents are on a salary basis—along with branch managers—they nevertheless work under a commission

clause, which has the effect of removing any ceiling from earnings.

Before sending the bill to the Senate, the banking committee of that legislative body declared there should be no circumvention of the wage stabilization program by new forms of payment which might be construed to be outside the scope of wages.

The definition of wages in the bill showed the committee's intention that "the scope of wage stabilization shall extend to all forms of payment, including pension, insurance, and all other forms of fringe payment which have become increasingly common since World War II."

At present there seems little concern on the part of companies that sales of insurance might be curtailed through such legislation. It is maintained that whatever the wording of the bill, it will be impossible to freeze commissions.

"The more an agent sells, the more he gets," one official said. "That simple, time-honored rule will have to prevail as it always has—it is the heart and soul of our business."

#### Accountants to Meet Nov. 1

Insurance Accountants Assn. has scheduled its annual meeting for Nov. 1-3 at Skytop Lodge, Skytop, Pa.

Everett S. Stryker, Factory Associa-

tion, and Claude H. Mahan, International Business Machines Corp., are co-chairmen of arrangements. George Dearborn, Potomac, is chairman of the program committee.

#### Tex. Mutual Agents Elect Dick Long President

Texas Assn. of Mutual Insurance Agents at its annual convention at San Antonio elected Dick Long, Wichita Falls, president. Other new officers are Russell Grace, 1st vice-president, Fort Worth; James Holt, Houston, 2nd vice-president, and Joe Reese, Houston, secretary. More than 150 agents attended.

George D. Haskell, American Mutual Alliance, explained the meaning of mutual insurance. W. A. McVey, director of the automobile section of the casualty division, Texas department, discussed the various phases of automobile insurance with reference to rating. He especially considered major changes in garage liability policies.

Plans for securing a law to make it illegal for loan agencies to have coercion between the borrower and the insurance agency with which the risk is to be placed were considered. A proposal also was made to secure legislation fixing the qualifications of an agent. The

midyear meeting will be held at Waco in April and the 1951 annual meeting at Fort Worth.

#### Vt. Speakers Named

Speakers at the convention of Vermont Assn. of Insurance Agents at Basin Harbor, Sept. 18 include John C. Stott of Norwich, N. Y., past president of N.A.I.A., who will talk on "Agency Advertising Expense, Commission"; Carl F. Von Pechman, superintendent of the eastern marine department of Automobile, and C. Edwin Blake of the Travelers casualty school.

#### C.P.C.U. Class at Columbus

Insurance Board of Columbus is organizing a C.P.C.U. study group. It will include insurance men from central Ohio counties. First meeting will be held the evening of Sept. 25. The group will study Parts I and II. J. G. Glandon, chairman of the education committee, and E. B. Hatch are in charge of reservations.

The Philadelphia Insurance Society library fund, with a goal of \$15,000 to replenish its stock of books, has reached \$5,165. The campaign will continue through the coming season.

## Is the Insurance Agent really "a Good Man to Know"?



### DO PEOPLE GET ENOUGH INFORMATION?

Surveys are a Good Way of  
Telling People  
About Their Insurance

One of the things which make the agent "a good man to know" is the insurance survey.

A survey, of course, is information—information about the dangers of disaster and how insurance can meet those dangers. You can furnish information in many ways but the survey gathers it together all at once.

Assuredly, a survey can be well prepared or badly prepared. It can be on a well-designed form or it can be on the back of an envelope. (The odds for success favor the survey which is

well prepared.)

Granting that agents are prevented from making more surveys by lack of time or fear of making a mistake, it still seems a shame, doesn't it, that thousands of people don't know today *what* insurance protection they have or *whether* it's right or wrong!

We really should tell them—and the survey, whether "long-form" or "short-form", is one way of doing it.

People who get information from a survey think the agent is "a good man to know!"



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THE INSURANCE AGENT IS A GOOD MAN TO KNOW

## Slate Four Mutual Clinics In North Carolina

Licensing and other laws affecting agents and brokers, the interest feature of the 1943 fire policy, rule and rate changes, boiler insurance, experience and retrospective rating in workmen's compensation insurance, bonds and automobile and liability changes will be the subjects at the North Carolina clinics of Southern 1752 Club, mutual field organization, this month. There will be two sets of simultaneous meetings, at Charlotte and Greenville Sept.

26 and Winston-Salem and Durham Sept. 28.

W. F. Humphries, North Carolina chief deputy commissioner, will discuss the licensing situation at the Charlotte and Winston-Salem meetings and Charles Lewis, deputy commissioner, at Greenville and Durham.

### List of Speakers

The fire insurance topics will be handled by J. D. Randolph, Zachary General Agency, Greenville, S. C.; Henry Robertson, Northwestern Mutual Fire, Raleigh; Frank White, Pennsylvania Lumbermens Mutual, Charlotte; R. W. Phelps, Lumber Mutual of Boston, Rock Hill, S. C.; and Henry Haywood, Northwestern Mutual Fire, Raleigh. Casualty speakers will be G. B. Peters, Lumbermens Mutual Casualty, Charlotte; Cliff White, Lumbermens Mutual Casualty, Raleigh; Don Kelleher, Kelleher Associates, Charlotte; D. E. Evans, Iowa Mutual Liability, Greensboro; B. W. Griffiths, Lumber Mutual Casualty of New York, Charlotte; Thomas Williams, Jr., Ratterree & Co., Raleigh; Arthur Stewart, Shelby Mutual Casualty, Greensboro and Leonard Coleman, Shelby Mutual Casualty, Greensboro.

C. R. Marshall, Charlotte general agent, is chairman of the clinic committee.

### Add \$75,000 to Funds

CHARLESTON, S. C.—Guaranty F. & M. is increasing paid-in capital from \$100,000 to \$125,000 and surplus from \$75,000 to \$125,000, a total of \$250,000.

The increase has been due principally to the requirements of certain states for approval as carrier of surplus lines, which is the company's specialty.

The group of Swiss companies which owns 25% of the company's stock is exercising an option which allows it to take 25% of the stock involved in the increase. Robert C. Vincent, New York attorney and counsel of Chicago, Rock Island railroad, director of the company, is also taking a substantial part of the capital increase.

Officers of the company include William Saxe, New York lawyer, chairman; F. Wyllie Clarke, Jr., reinsurance man of New York, chairman of the executive and finance committee, and George R. P. Farquhar, president and treasurer.

### Management Course in Fla.

Earl C. Trefry, production supervisor of the Employers' group, presented three lectures on "Prospecting," "Selling," and "Survey Selling" on the agency management educational course series of National Assn. of Insurance agents staged at Gainesville, Fla., Sept. 4-7 under the auspices of the Florida association. Other lecturers included Dean Lawrence J. Ackerman of University of Connecticut, Prof. Raymond Mason and Dean Walter J. Matherly of University of Florida.

### Made G.A. for 2 Companies

Preferred General Agency of Portland, Ore., has been appointed general agent there for Superior of Dallas and Colonial of Los Angeles.

Ken N. Simpson has been named chief underwriter of the agency. He has been a local agent at Portland for 10 years.

### Yakima County Assn. Elects

Yakima County (Wash.) Insurance Assn. elected Jack Carr of Sherwood & Roberts president at the annual meeting. He succeeds C. H. Westaby. Other new officers are Ivy C. Clark, vice-president, and Ray E. Lebens, secretary.

### R. I. Loss Is \$200,000

The main building of the Rhode Island Country Club at Barrington was destroyed by fire. Building and furnishings were insured for \$250,000. The fire started when varnish removing fluid was ignited by an electric spark.

## N. Y. Commerce Body Asks Reactivation of WDC

In a letter sent to New York Senators, Thomas J. Miley, executive vice-president of Commerce & Industry Assn. of New York, urged enactment of legislation necessary to recreate War Damage Corp. or similar agency to issue insurance against property loss resulting from war risks. He stressed the immediate danger to New York City.

The city's position as the country's first port, together with the fact that it is the commercial and financial center, places us high on the target list of a potential enemy, Miley wrote. There should be no opposition to appropriating a sufficient sum to reactivate the corporation and cover costs of operation until premiums are collected.

### OPINION IS DIVIDED

WASHINGTON—While many insurance representatives do not like the idea of another war damage corporation system such as operated during the last war, yet some of them are reported getting around to the idea that it would educate the public to buy insurance and look to the companies for handling insurance, and thus redound to the benefit of the industry.

This idea is preferred in some quarters to the suggestion that the government undertake to indemnify owners of damaged property, as was the case in Britain and France during the war. The U. S. Congress voted \$400 million for war damage in the Philippine Islands after the conflict.

The WDC program produced some \$246 million premiums. A few A-bomb explosions in a future war, it is pointed out, might well cause damage to which the above figure would compare as a "drop in the bucket," running into multi-billion figures.

### Va. Assured Have Edge

Policyholders of Rhode Island Ins. Co. in Virginia have a \$50,000 reserve against losses incident to receivership of the company. Four months before Rhode Island went into the hands of receivers, the Virginia state corporation commission required the company to increase collateral against Virginia policies from \$15,000 to \$50,000. Last Dec. 31 Virginia business of the company totaled \$142,241. Virginia was the only state which took steps to have the protective collateral increased, according to the commission.

OSCAR KLEIN of the B. C. Ziegler Co. agency of West Bend, Wis., died of heart attack. Mr. Klein was also president of Enger-Kress Co., manufacturers of leather goods and of First National Bank of West Bend.

Stephen B. Carkeek of R. J. Martin & Co. agency, Spokane, is seeking a Republican nomination for the lower house of the Washington legislature.

## Convention Dates

Sept. 10-12, Montana Agents, annual, Billings.

Sept. 10-12, Pennsylvania Agents, annual, Bedford Springs Hotel, Bedford.

Sept. 10-12, West Virginia Agents, Greenbrier hotel, White Sulphur Springs.

Sept. 11-12, South Dakota Agents, annual, Cataract Hotel, Sioux Falls.

Sept. 13-14, New Hampshire agents, annual, Grandliden hotel, Sunapee.

Sept. 14-16, Washington Agents, annual, Spokane.

Sept. 14-16, Federation of Insurance Counsel, annual meeting, Atlantic City.

Sept. 15-17, Insurance Advertising Conference, Lighthouse Inn, Cape Cod, Mass.

Sept. 18-20, International Claim Assn., Greenbrier hotel, White Sulphur Springs.

Sept. 18-20, American Bar Assn., insurance section, Willard hotel, Washington, D. C.

Sept. 18-21, Western Underwriters Assn., mid-year meeting, Greenbrier hotel, White Sulphur Springs, W. Va.

Sept. 20-22, Oregon Agents, annual, Portland.

Sept. 21-22, All-industry committee deliberations on uniform agent-broker licensing bills, unlicensed insurer bills and interstate compact proposal, New York.

Sept. 22-23, Utah agents, annual, Hotel Utah, Salt Lake City.

Sept. 24-27, International Assn. of Casualty & Surety Underwriters and National Assn. of Casualty & Surety Agents, joint meeting, Greenbrier, White Sulphur Springs, W. Va.

Sept. 25-26, Michigan Agents, annual, Pantlind hotel, Grand Rapids.

Sept. 25-26, New Jersey agents, annual, Hotel Claridge, Atlantic City.

Sept. 25-27, Bureau of A. & H. Underwriters, annual, Sky Top Manor, Pocono, Stroudsburg, Pa.

Sept. 25-27, Idaho Agents, annual, Sun Valley.

Oct. 2-5, National Assn. of Insurance Agents, annual, Stevens Hotel, Chicago.

Oct. 4-10, Hemispheric Insurance Conference, Santiago, Chile.

Oct. 12-13, N.A.I.C. zone 5, Kansas hotel, Topeka.

Oct. 12-13, South Carolina agents, annual, Columbia Hotel, Columbia.

Oct. 16-18, National Assn. of Mutual Insurance Agents, annual, Hotel Statler, N. Y.

Oct. 16, Rhode Island Assn. of Insurance Agents, annual Sheraton-Biltmore Hotel, Providence.

Oct. 16-20, National Safety Congress and Exposition, Chicago, various hotels.

Oct. 18-20, Mutual Loss Managers Conference, annual, Hotel Astor, New York.

October 23-25, Canadian Insurance Superintendents, annual, Brock hotel, Niagara Falls, Ont.

Oct. 23-25, California Agents, annual, Fairmont and Mark Hopkins hotels, San Francisco.

Oct. 24-25, Massachusetts Agents, annual, Springfield.

Oct. 24-26, Wisconsin Agents, annual, Hotel Schroeder, Milwaukee.

Oct. 25-27, Kansas Agents, annual, Wichita.

Oct. 26-27, Tennessee agents, annual, Hotel Peabody, Memphis.

Oct. 30-31, Ohio Agents, annual, Desler-Wallick Hotel, Columbus.

Oct. 30-Nov. 3, "Mutual Insurance Convention," joint annual meetings of six mutual insurance associations, Statler Hotel, Boston.

Nov. 3-4, Colorado Agents, annual, Broadmoor hotel, Colorado Springs.

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## H. E. Cotter Is Now Under U. S. Indictment

H. E. Cotter, former Chicago local agent and broker, has been indicted by the federal grand jury at Indianapolis on the charge of defrauding the Indianapolis department store of H. P. Wasson & Co., of \$21,000. Cotter is now described in newspaper dispatches as a plastics salesman at Dallas. He left a tangled trail in the insurance business. Apparently Cotter is alleged here to have taken \$21,000 from the Wasson store in 1948, supposedly for \$3 million insurance during a remodeling program, with London Lloyds, although Cotter had lost his Lloyds connections in 1946.

## New G.A.B. Office in Texas

General Adjustment Bureau has opened an office at Oak Cliff, Tex., a suburb of Dallas, the 30th office in the state. The address is 204 South Zang street, and C. E. Freberg is manager.

Bruckner Chase, Memphis local agent, has been reelected chairman of the Memphis traffic advisory committee.

Allan Brockenbrough and George Landon Horne have been elected treasurer and assistant treasurer, respectively of the Gibson, Moore & Sutton agency at Richmond. Charles L. Childrey, Jr., and Herbert L. Staples, Jr., are now associated with the agency.

Charles A. Weaver, a graduate of the law school of St. Mary's University, who has been with the A. B. Haston Claims Service, has joined the San Antonio claims office of the Loyalty group.

Augustus J. Martin, vice-president of United States Trust Co. of New York, has been elected a director of Commercial Union, Ocean Accident, The Commercial Union Fire, Columbia Casualty, Palatine, Union Assurance, and British General.

Reinsurance Corp. has named Walter J. Coleman assistant treasurer. Mr. Coleman is a graduate of New York university. He has been with Reinsurance since 1942.

Directors of Northwestern Mutual Fire have authorized the presentation to the 42 25-year employees of a handsome gift. The veteran may select a watch or a silver tea and coffee service set. Each award will be inscribed and there will be a group presentation.

Edward O. Dahl, chief accountant in the state rural credit department, has been appointed acting secretary of the Minnesota compensation insurance board during the military absence of Cyril C. Sheehan.

Gould & Gould, Seattle general agents, have appointed Frank Hallgrimson, formerly with Washington Insurance Examining Bureau, to the underwriting department.

Robert O. Fleming & Co., Seattle brokerage firm, has established a Lloyds department under the management of Clarissa M. Pillsbury, formerly with D. K. MacDonald & Co.

Douglas H. Freeman, local agent, former president of Los Angeles Junior Chamber of Commerce, has been appointed a member of the Los Angeles board of fire commissioners.

J. W. Burden, assistant western manager of Hartford Fire at Chicago, is enjoying a Pacific Coast vacation.

New partners just added to the Tabb, Brockenbrough & Ragland agency at Richmond, Va., are Henry G. Coghill, George W. Robinson and Charles M. Morris.

Peter M. Fraser, president of Connecticut Mutual, and W. Ross McCain,

president of Aetna Fire, have been reelected to the executive committee of Connecticut public expenditure council.

The newly-formed Cascade Assn. of Insurance Women received its charter at a banquet at Bend, Ore., from Miss Gladys C. Main of Seattle, president of the national organization. Mrs. Viola Larson of Tacoma, national corresponding secretary, also was a guest.

McKenna & Gill is a new agency at Madison, Wis. Principals are John C. McKenna, Jr., with McKennas, Inc., real estate firm, and Charles H. Gill, formerly with Bank of Madison.

Miss Dorothy Wells of the insurance department staff is new president of St. Paul Insurance Women's Club. Virginia Stewart of T. C. Field & Co. is vice-president; Florence Rogers, Frank S. Rogers general agency and Orlean Antonson, Kenney Co., secretaries, and Venita Salt, Wm. S. Lang agency, treasurer.

Jack Fenimore of Scottsbluff, Neb., has purchased the M. G. Ackerman agency, Bridgeport, Neb. W. J. Robinson, former manager of the Ackerman agency, will go with the W. P. Ackerman agency, Sidney, Neb.

Earl Justice of Lincoln has purchased the F. A. Schrawger agency, Fremont, Neb. He was formerly state agent for Nebraska of Iowa Home Mutual Casualty.

Following the death of his father, A. J. Pembroke, W. W. Pembroke has

taken over the Pembroke agency at Columbus.

E. W. Pollock has resigned as vice-president of Deep Rock Oil Corp. to become a partner in the William E. Stahl & Co. agency of Tulsa. He was formerly vice-president and cashier of First National Bank & Trust Co.

The Kansas City office of Anchor Casualty has been moved to 424 Alameda. Merrill Davis of Hawkeye Casualty addressed a dinner meeting of Springfield (Ill.) Assn. of Insurance Women.

Mrs. E. A. Lawson, Irvington, Ky., is now operating the former O. F. Bright agency as the Lawson agency.

The Kansas City office of Phoenix of Hartford has been moved to 916 Walnut street. W. G. Curry is state agent.

The Calvin Philips & Co. agency of Seattle has been purchased by William Smith, formerly manager of the insurance department of Seattle Trust & Savings Bank.

The Robert H. Dickey agency at Springfield, Colo., has been sold to Vernon G. Cole.

The agency of the late Carl A. Peschke at Versailles, O., has been sold to B. W. Phelan of Versailles. He has been an adjuster for Western Adjustment.

Hazel Gray, Crum & Forster, was installed as president of Insurance Women of Topeka, succeeding Mrs. Nellie Brown. Vice-president is Marion Smith and treasurer, Lillian Boudreau, both

with Kansas Inspection Bureau; secretary, Lou Belle Goff, Blakely & Co.

New officers installed by the Springfield (Ill.) Assn. of Insurance Women are Marie Kahn, president; Ruth Hazel Smith, vice-president; Toni Regan, secretary, and Mary Duncheon, treasurer. Speaker was Russell Sprouse of the Schryver-Sprouse Agency.

New officers named by Insurance Women of Wichita include Gladys Cortner, Beezley, Outland & Foote, president; Dorothy Winters, Wheeler, Kelly, Hagney, and Gertrude Hartke, Monarch Investment Co., vice-presidents; Neva Coble, Sheffer-Cunningham, secretary; Faye Schmaker, Dulaney, Johnston & Priest, treasurer, and Moselle Humphrey, Crum & Forster, editor.

Hartford Assn. of Insurance Women reelected Miss Roberta L. White, president; Mrs. Madeline Lewis, vice-president; Miss Ann H. Lindquist and Miss Rose M. Bauer, secretaries; Mrs. Eileen Ryan, treasurer, Edward Brodeur, director of training, Hartford Accident, spoke on supplemental payments under liability policies. A class in office management has been started with Henry Steeneck, state agent of Home, in charge.

Lumbermens Mutual of Mansfield, O., has become licensed in New Mexico.

Insurance Women of San Antonio held their annual bosses night and installed Miss Armide Engel as president. A sterling silver bread tray was presented to Mrs. Faye Arnim, retiring president.

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## FIELD

## Flavin to Meserole Group in Illinois

John L. Flavin has resigned as Illinois and Wisconsin state agent for Buffalo Ins. Co. to become Illinois state agent for the Meserole companies with headquarters at Chicago. H. W. Bailey of Milwaukee, who has been handling both Wisconsin and Illinois for the Meserole group, hereafter will confine his attention to Wisconsin.

Mr. Flavin started in the business in 1925 with Johnson & Higgins at Chicago. Subsequently he went with the Chicago brokerage department of Public Fire of New Jersey, and in 1932 went with the Improved Risks Mutuals, first as field representative and then as home office inland marine manager. Since 1937 he has been in the Illinois and Wisconsin field for Buffalo.

## List Ohio F.U.A. Meetings

Ohio Fire Underwriters Assn. has announced the following meetings for the coming year: Sept. 19, Cincinnati; Oct. 17, Nov. 14, Dec. 12, Columbus; January, no meeting; Feb. 6, Columbus; March 6, Cleveland; April 1 and May 8, Columbus.

## Set Two Ohio Inspections

Fire Prevention Assn. of Ohio will inspect Hillsboro Sept. 26. E. W. Cunningham, Continental, is chairman. An inspection will be held at Lakewood Oct. 10. Speakers will include Richard Verner, Western Actuarial Bureau, and E. C. Knoop.

John D. McAnally, Washington state agent for America Fore, has announced the arrival of a second son, John.

Connecticut Field Club will hold a meeting Sept. 12 at Hartford. There will be a luncheon and a short business session.

## NEW YORK

## REINSURANCE PRIZE AWARDED

Donald H. Chadwick, assistant secretary of Atlantic Mutual, won the \$100 prize of Sterling Offices for the best essay on reinsurance submitted by students in the reinsurance class of the Insurance Society of New York insurance school. This is the first time in three years the award has been made because no essay of sufficient merit has been submitted in that time. His essay is on the marine war risk reinsurance pool. Mr. Chadwick is a C. P. C. U.

## BROOKLYN BROKERS PLANS

Brooklyn Insurance Brokers Assn. will hold a regular meeting Sept. 7. The annual installation dinner dance will take place Dec. 7.

## CHICAGO

## J. E. Day to Take Bow at Chicago Luncheon Sept. 14

J. E. Day, the new Illinois insurance director, will make his initial appearance before a Chicago insurance audience Sept. 14. He will be saluted at a luncheon meeting of the insurance membership group of Union League Club of Chicago. Presiding will be Roy L. Davis, western manager of Assn. of Casualty & Surety Companies, who is general chairman of the insurance group. Special guests will include Hugh L. Tollack, assistant secretary of National Assn. of Insurance Commissioners; Frank J. Bartsch, deputy of the

Illinois department, and W. E. Wall, new chief examiner.

Mr. Davis has constituted his insurance committee for the new season. It consists of E. M. Griggs, National Board of Fire Underwriters; A. V. Gruhn, American Mutual Alliance; George F. Manzelmann, North American Accident; W. W. Hamilton, Chicago Board of Underwriters; Donald Wood, Jr., Childs & Wood Agency; R. L. Hogg, American Life Convention and Clarence E. Smith, Northwestern Mutual Life.

## BROKERS AGENCY MOVES

Brokers Insurance Agency has moved into new and larger quarters at 2268 Board of Trade building, Chicago. There are many modern touches in the decorations with accent on brightness. The agency was located in other quarters in the same building. N. Chris. Jorgensen, who has had a long experience in various phases of the business at Chicago is head of the agency. His associates are Frank S. Kovacs, also a veteran in both company and agency work, and S. A. Goodman, who until about a year ago was secretary of Springfield Fire & Marine.

## GUNSTEENS &amp; SON OPEN OFFICE

Clarence M. Gunsteens has resigned from Marsh & McLennan at Chicago, to open his own brokerage office as the Mid-Western Insurance agency at A-1903 Insurance Exchange building. The office is associated with L. E. Yager & Co., and the telephone is WAbash 2-3494. In his new office, Mr. Gunsteens is in partnership with his son, Kenneth, a graduate of the University of Illinois.

Mr. Gunsteens has been in insurance at Chicago for 30 years. He started with Hanover Fire and was an examiner for North America before joining Marsh & McLennan 21 years ago. Mr. Gunsteens will act as special agent for Resolute and develop general brokerage with some emphasis on auto finance business. With M. & M. he has administered consumer credit accounts in the auto field.

## Plans for Minn. Federation

MINNEAPOLIS—An attendance of between 400 and 500 is indicated for the annual meeting of Insurance Federation of Minnesota here Sept. 18. Presiding will be Vice-President L. D. Engberg, St. Paul local agent. C. W. Hall, president of Northwestern Fire & Marine, who is federation president, will be attending a convention in the east on that date.

There will be a business session and election in the morning and it is believed reelection of all officers, directors and committeemen will be recommended by the nominating committee headed by George W. Wells, Jr., vice-president of Northwestern National Life. The luncheon speaker will be Ike Armstrong, newly-appointed director of physical education at University of Minnesota.

## N. W. Hail Results Good

MINNEAPOLIS — A favorable underwriting experience for hail writing companies in this area now seems assured. In another week or 10 days corn liability will cease and only soybeans and flax will remain covered. Of course, there is still a chance of corn damage if the weather turns hot but hail underwriters are optimistic that the corn season will run out with few if any additional losses.

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## Officially Designate Day Ill. Director

An official announcement from Gov. Stevenson of Illinois has confirmed the succession on Sept. 1 of J. Edward Day as insurance director in the place of Harry B. Hershey, who has resigned. In his announcement, Gov. Stevenson expressed his regret at losing Mr. Hershey, adding that the retiring director had long overstayed the time he had allotted for the purpose and placed the governor deeply in his debt. Mr. Hershey had taken the job originally with the understanding that it was but temporary gap-filling for the new gov-

ernor. He had been appointed in January, 1949.

The new director has been assistant director since July 17, after having served as administrative assistant to the governor since early in 1949. He is a native of Springfield and from 1938 to 1949 was a lawyer in Chicago, except for four years in the navy.

## Annual Meeting Events for Mont. Agents Now Complete

The program has been completed for the annual convention of Montana Assn. of Insurance Agents at Billings, Sept. 10-12. Additional features include a casualty panel to be held Tuesday morning. It will be led by James D. Simpson, assistant agency secretary of Royal-Liverpool. Participants include K. H. Burrell, Montana state agent for Fireman's Fund Indemnity; Frank R. Grady, Missoula, and Cale Crowley, Billings. Participating in the fire panel to be led by W. M. Sidebotham, Pacific department manager of National Union Fire, are John H. Martin, San Francisco manager for Standard Forms Bureau; R. L. Darnell, surveyor Montana Fire Rating Bureau; Wilbur Wolf, president Montana Fire Underwriters Assn., Great Falls; Wilbur Quirk, manager for General Adjustment Bureau at Billings, and Paul Covert, Billings.

Featured speakers are President O. Shaw Johnson of the National association, and Joseph F. Leopold, National Tax Equality Assn., Dallas.

## Pease to Georgia Post

Leonard G. Pease, Jr., has been appointed special agent for Commercial Union in Georgia to assist Palmer Barnes. Mr. Pease graduated at Alabama Polytechnic Institute and was a first lieutenant in the army. Since then he has been an engineer with the Southeastern Underwriters Assn.

## Stewart at Two-County Outing

The annual outing of Tioga-Potter Assn. of Insurance Agents is being held Sept. 7 at Coudersport, Pa. W. Howard Stewart of Clearfield, president of Pennsylvania Assn. of Insurance Agents, will be guest of honor and speaker.

## Represents Japanese Companies

William W. Jewett of Jewett, Barton, Leavy & Kern, Portland, Ore., general agents, has been appointed settling agent for seven Japanese fire and marine companies.

## N. H. Fire President

Lester S. Harvey, whose election as president of New Hampshire Fire and Granite State Fire to succeed the late James D. Smart was reported in last week's issue, has been with the company throughout his entire business career. He joined the company in 1916, became Maine special agent in 1924, and was named assistant secretary in 1936. In 1938 he was named secretary and a year later was promoted to vice-president, the position he held until his appointment as president.

Mr. Harvey has been extremely active in insurance circles. He is president of New Hampshire Board of Underwriters, a member of the executive committee of New York Fire Insurance Rating Organization, a member of the executive committee of Allied Lines Assn., a member of Multiple Line Service Office of New York and is chairman of the rates commission for New England. He has also served on the board of National Automobile Underwriters Assn. and has represented Mr. Smart as trustee of Insurance Executives Assn.



L. S. Harvey

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- FIREMAN'S FUND INSURANCE CO.  
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- GLENS FALLS INSURANCE CO.  
Established 1849
- GREAT AMERICAN INSURANCE CO.  
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- HARTFORD FIRE INSURANCE CO.  
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- THE HOME INSURANCE CO.  
Established 1853
- THE PHOENIX INSURANCE CO. (CONN.)  
Established 1854
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- SPRINGFIELD FIRE AND MARINE INS. CO.  
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- UNITED STATES FIRE INSURANCE CO.  
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- THE CENTURY INDEMNITY CO.  
Established 1925
- THE FIDELITY & CASUALTY CO. OF N.Y.  
Established 1875
- FIREMAN'S FUND INDEMNITY CO.  
Established 1930
- GLENS FALLS INDEMNITY CO.  
Established 1937
- GREAT AMERICAN INDEMNITY CO.  
Established 1926
- HARTFORD ACCIDENT & INDEMNITY CO.  
Established 1913
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Established 1930
- NEW ENGLAND CASUALTY INS. CO.  
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- ST. PAUL-MERCURY INDEMNITY CO.  
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## EDITORIAL COMMENT

### N.A.I.A. at the Crossroads

On the eve of the convention of National Assn. of Insurance Agents at Chicago, the leaders are wrestling with fundamental problems pertaining to the future of the organization. That there are some mighty cleavages between those with top responsibilities is common knowledge and one of the questions that is currently being pondered is how frankly and completely these differences ought to be bared to the membership at Chicago. Some of the leaders feel that the more openly the issues are aired the more fully will the nature of the conflicts come into outline and the better the chance for constructive decisions to be made.

N. A. I. A. has had several round trips during the past decade or so of going up the hill and down again insofar as its headquarters operations are concerned. The most recent explosion involving the departure of Charles P. Butler left deep scars and created a feeling of frustration on the part of several leaders who in recent years have been dedicating themselves to the up-building of the organization. Regardless of the merits of that situation it has cost the association the will to carry the torch of numerous men who had been giving valuable time and attention to its welfare.

In essence, the problem is one of opposite polarities between the National association and its state units. This, of course, is not a new thing, but the effect of the strain has been cumulative and today the N. A. I. A. headquarters operation has been reduced pretty largely to a shadow.

It seems obvious that National Assn. of Insurance Agents can't be a commanding influence unless and until it is possessed of a fulltime secretariat that speaks with authority and power.

Perhaps the majority of the membership desire that the National association shall be constituted as a facility, as a passive nexus and service station, so to say, for the state organizations and not as a purposeful organization with an identity and direction of its own. Such a conception of the national organization might be championed on very sound and solid grounds. If that were the decision, then the agents could have an easily obtainable objective for the national establishment. They would have definitely adopted a policy of de-emphasis of the national and reliance upon the state mechanism. Such a determination would settle a lot

of dust. And the relationships would be entirely workable. The headquarters staff would have its sphere defined and it could proceed to carry out its assignments and without striving to attain some vague pinnacle. With a national organization frankly and unashamedly subservient to the state organizations and attendant upon them, it could operate without apologies.

But so long as there lingers a feeling that the National association should be more than a handmaid to the states, that it should be a forceful, consistently important element in the business, then, we think, there is bound to be unhappiness and frustration unless and until what is needed to produce such a vehicle is outlined and steps taken to make possible its achievement. As a practical matter we don't know that the right decision is to pave the way for the creation of such an organization. Perhaps it is an exalted and unrealistic aim, all things considered, and the other way is best, but it is vain on the one hand to lament that N. A. I. A. is only an "errand boy" and to wish for it a superior role without facing the realities of the tug-of-war between the states and the national setup.

The plain fact of the matter is that a powerful and costly national establishment conflicts with the interests of the full-time state association executive secretaries who are making a career of this activity, or at least such a National association is going to be interpreted by them in this way. That seems to be just the human aspect of it. It is expecting too much in the way of unselfish dedication to an ideal to expect the state secretaries to beat the bushes for new members, to keep after the old members for their dues when they see a large proportion of the income going for the national enterprise. That is bound to appear to the state man as a personal levy on him and as limiting the resources available for his own office and for effective work at the grass roots. It won't do to quarrel with these state secretaries and to blame them for the situation. Their legitimate position and interests have to be understood and respected. But somehow or other, unless the National association is to go along being tossed to and fro by the currents of the moment, it has to be given a sense of direction and there has to be resolved on as long term a basis as possible, the fundamental relationship be-

tween the national organization and the state units.

So long as that problem is unresolved, the headquarters people are simply bound to be sitting in uneasy seats and if they desire to stay on, their main interest would have to be to keep their fences mended. We think that if what the agents want is what might be called a service station type of headquarters organization, then they should make that decision in a definite and final way so that the headquarters people can proceed to operate the best kind of a service office possible. On the other hand, if an organization is wanted of a commanding character, one to formulate policies and guide affairs, then the members will have to make up their minds to engender the kind of a climate in which the kind of men that they want for this type of headquarters leadership can breathe and operate.

Some feel that under the system of co-extensive membership, it is impossible to have this type of a national organization, and that if this is what the majority wants, then the only way to bring it about is to provide for direct membership in the National association regardless of whether an agent is a member of his state organization or not. That is, the package plan of membership would be done away with and state and National associations would make entirely independent appeals to the agents of the country. The ascendancy of one would not then tend to restrict

the sphere of the other. Some of those who are advocating such a course and who are hot under the collar because of the hold that they feel that the state secretaries have developed on the organization, use the expression that the national is the prisoner of the state officials.

There is involved in this whole question the differences between the large city agent and the average producer. It is to be hoped, however, that the debate will not open a breach between the two types of agents although the battle seems to be developing to the point where many of the big agents are in a mood to take off the gloves on the issue of countersignature requirements, license fees, etc., which they feel constitute a series of costly pay-off stations for them and for their insured, and which rightly or wrongly they feel is a system that is nurtured by the rank and file of the local agents.

The 1950 convention of N. A. I. A. is one that obviously calls for a lot of plain speaking and straight thinking. There are issues involved that can be inflammatory and lead to harsh words and unpleasant personalities. It is not to be expected that the discussion will always be polite, but it is well for all hands to remember that they are dealing with a fundamental condition and relationship, one that requires the greatest degree of calm and far-sighted deliberation that can be summoned for the occasion.

## PERSONAL SIDE OF THE BUSINESS

**Lynn R. Tow**, adjuster with Main & Baker of Minneapolis, made a hole-in-one on the 135-yard eighth hole of Minnetonka Country Club. He was playing with C. W. Spriggs, also of Main & Baker, and Kenneth Hampton, operator of the club. Only a week earlier, Mr. Tow was approached by Victor A. Snyder, general manager of Main & Baker, who tried to convince him he should buy a Lloyds \$400 hole-in-one policy. Mr. Tow evidently considered the hazard negligible as he did not buy the policy.

**E. M. Schoen**, retired western manager of Atlas, has sold his home on the outskirts of Waukegan, Ill., and has taken up his residence at Houston. Mr. Schoen is able to get around comfortably although he has been ill and was hospitalized a few months ago.

**Jesse W. Randall**, president of Travelers, has been named to the Connecticut advisory committee of the Crusade for Freedom, a nationwide organization that seeks to get the truth behind the Iron Curtain.

**Randall S. Herman**, former agent with Hardware Mutuals of Stevens Point in Wisconsin and Arizona, has been appointed by President Truman as secretary of Guam. Mr. Herman has been

acting governor and executive assistant of Guam. He started with Hardware Mutuals in 1937 as a home office messenger, a few years later becoming resident office manager. He then went to Arizona as an agent.

**Tom L. Burgoyne**, manager of Intermountain Surplus Lines Agency, Salt Lake City, and his wife were seriously injured after their automobile collided with another. Mr. Burgoyne received a skull fracture and lacerations. His wife sustained broken ribs and pelvis. Both are now out of danger.

**Harry B. Hershey**, who left office as Illinois insurance director Sept. 1, and **Thor Wanless**, Springfield attorney and former attorney for the Illinois insurance department, are to be hosts Sept. 12 to a gathering in honor of J. E. Day, the new Illinois director. It is expected that Governor Stevenson will be one of the guests.

**Kurt Hitke** of Kurt Hitke & Co., Chicago, and his wife are on a tour through England, Germany, France and Switzerland. While in London, Mr. Hitke will confer with the underwriters at Lloyds. The Hitkes will fly back to the U. S. on Oct. 1.

**Henry C. Thorn**, marine manager of North America, is sailing with Mrs.

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**SAN FRANCISCO 4, CAL.**—507 Flatiron Bldg. Tel. EXbrook 2-3054. F. W. Bland, Pacific Coast Manager. John E. Caughman, Pacific Coast Editor.





Thorn this weekend for England and Europe, where they will spend two months. He will attend the meeting of International Union of Marine Underwriters at Eastbourne, Eng., Sept. 25.

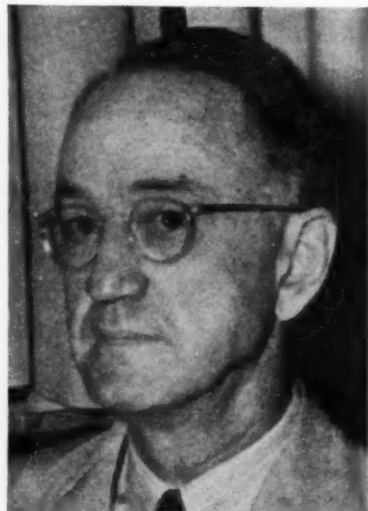
## Fla. Promoter Goes Multiple Line, But Good

Florida authorities are on the lookout for Richard D. Stafford, organizer of what is known as Volinsure Enterprises which has been offering a range of coverage from unemployment insurance to bail bond service. Three representatives of "Volinsure" that were apprehended were permitted to plead guilty at St. Petersburg to the charge of soliciting membership in an insurance company which had not complied with state regulations rather than to the charge of conspiracy to defraud. State Senator H. H. Baynard prosecuted the case for the insurance department, and told the court that these men were dupes of Stafford.

## DEATHS

**HERBERT CUNNINGHAM**, 60, president and general manager of Michigan Adjustment Bureau, died of an embolism shortly after a successful operation. Mr. Cunningham helped organize Michigan Adjustment Bureau to adjust losses for mutual companies in 1931. Before that he was manager at Jackson, Mich., for Western Adjustment. He was with Western for a number of years.

**W. MONTGOMERY HARRIS**, secretary-treasurer of the Wofford Brothers agency, Johnson City, Tenn., and with



W. MONTGOMERY HARRIS

that agency since 1907, died after a long illness. He served as president of Tennessee Assn. of Insurance Agents in 1940-41.

**ELMER E. KRUBECK**, superintendent of the brokerage reporting cover department for National Fire at Chicago, died at the age of 40. He had been ill since February and had been with National 20 years.

**OSCAR A. HANLEY**, local agent at Indianapolis, died at Methodist hospital there at the age of 57. He had operated an agency at Indianapolis 25 years.

**WILLIAM J. BOZDECH**, superintendent of the Chicago city department of London & Lancashire, died at his home there at the age of 50. He had been ill about 2½ years and had been unable to go to the office since January of this year. He was secre-

tary of Cook County Field Club in 1924 and was master of his Masonic lodge the same year. He went with L. & L. in 1907 and had been city superintendent since 1926.

**ROBERT K. COMSTOCK**, manager of the Newark Office of Atwell, Vogel & Sterling, died at his summer home at Laurel, L. I.

**ANDREW J. KENNEDY**, vice-president of the Baltimore agency of Poor, Bowen, Bartlett & Kennedy, died suddenly at the age of 57. He was a former member of the Maryland legislature. He had been vice-president of the agency since its founding and had been associated with Presley D. Bowen for more than 30 years.

**BURTON D. BLAIR**, 81, who had been with the Philadelphia Contributionship for 50 years before he was retired five years ago, died at Philadelphia.

**WILLIAM C. COLEMAN**, 64, president of Coleman Insurance Service, St. Louis, died of complications.

**GEORGE E. THOMAS**, 70, Hanover Fire underwriter and with the company 52 years at the head office died. His home was at Yonkers.

**L. C. FALTERMEYER**, county clerk and recorder at Wibaux, Mont., and veteran local agent there, died.

**PAUL A. SHINER**, 58, who conducted a local agency at Buffalo for 25 years, died suddenly. After serving in the first world war, he went to Buffalo in 1919, joining the old Duell, Lapey & Co. agency.

## Deal for Sale of Buffalo Completed

The purchase of the Buffalo by General of Trieste has now been completed with acquisition of 9,855 shares out of 10,000 by the Aug. 31 deadline. The remaining stock is expected eventually to come in to make the transfer 100%.

Ottocaro Weiss, representative in the U. S. of General, will return from Europe this weekend. Plans then will be made for augmenting the business of Buffalo, especially in the ocean marine field.

## Short in New Loss Post

Harry W. Short has been appointed assistant manager of the metropolitan and suburban New York loss department of Home.

Mr. Short started with Home in the loss department in 1941 and in 1946 was transferred to Brooklyn. Last year he transferred to the metropolitan department as adjuster.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago

Sept. 5, 1950			
Aetna Casualty .....	3.00	90	92½
Aetna Fire .....	2.20*	55	56½
Aetna Life .....	2.50	33½	35
American Alliance .....	1.20	24	25½
American Auto .....	2.00	45½	48
American Casualty .....	.80	21	22
American (N. J.) .....	.90	20½	22
American Surety .....	3.00	56½	58
Boston .....	2.40	56	58
Camden Fire .....	1.15*	22½	23½
Continental Casualty .....	2.50*	56	58
Fire Association .....	2.60	60	62½
Fireman's Fund .....	2.60	88	90
Firemen's (N. J.) .....	.60	20	21
Glens Falls .....	2.20*	49½	51
Globe & Republic .....	.50	11½	12½
Great American Fire .....	1.30*	28½	30
Hanover Fire .....	1.60	31	32½
Hartford Fire .....	3.00*	119	122
Home (N. Y.) .....	1.60	32½	34
Ins. Co. of North Am. .....	3.50*	110	112
Maryland Casualty .....	.80	18	19
Mass. Bonding .....	1.60	28	30
National Casualty .....	1.50*	37	42
National Fire .....	2.50*	60	62
National Union .....	1.60	33	35
New Hampshire .....	2.20	41	43
New Amsterdam Cas. .....	1.50	35½	37
North River .....	1.20	24½	25½
Ohio Casualty .....	1.20	59	62
Phoenix, Conn. .....	3.00*	75	77
Preferred Accident .....	...	3½	4½
Prov. Wash. .....	1.40	30	32
St. Paul F. & M. .....	3.00*	99	102
Security, Conn. .....	1.60	31	33
Springfield F. & M. .....	2.00	43	45
Standard Accident .....	1.60	33	35
Travelers .....	12.00	428	435
U. S. F. & G. .....	2.00	47	49
U. S. Fire .....	2.00	63	65

\*Includes extras.



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One in five of your clients will buy life insurance in the next year. How can you get this business?

Probably most of them don't even realize that you're interested. You must show them that life insurance is just as much a part of your business as fire or automobile. The Connecticut Mutual, which has worked with thousands of fire and casualty agents and brokers for years, worked out a simple, easy-to-use survey form in a folder that includes practically all personal forms of property and liability insurance, and life insurance as well. You can use it as a pre-call piece, to go with a letter. You can take it with you and discuss it with your client. Or you can send it with a follow-up letter to remind a client or prospect that you handle all forms of insurance.

A copy is yours for the asking, and without the slightest obligation on your part. Send for yours today.

## The Connecticut Mutual LIFE INSURANCE COMPANY • Hartford



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## Deal Is On to Buy Control of National Casualty

**Geyer & Co. Is Acting  
for Purchaser — \$42  
Per Share Offered**

Paul Jones, asked about the National Casualty purchase plan, said he is unable to make disclosure at this time of his associates. The buying group is contemplating neither reinsurance of National Casualty, merger or change in the home office location. The stability of National Casualty is valued and it will add strength to the purchasers' setup, he vouchsafed.

A 55% interest in National Casualty of Detroit or 82,500 shares is in process of being acquired in behalf of unidentified interests by Geyer & Co., the New York investment house. It is understood that Paul F. Jones of Danville, Ill., former Illinois insurance director, is representing the ultimate purchaser.

According to a notice to stockholders of National Casualty, from Geyer & Co., there have been deposited with American National Bank & Trust Co. of Chicago funds to guarantee payment for stock accepted under the purchase offer. The gross purchase price is \$43 per share and Geyer's compensation is \$1 per share, but there is a 40 cent concession to dealers. Geyer has obligated itself to pay most of the fees and expenses of the escrowee and certain legal expenses and other costs.

The bulletin states that five of the larger stockholders of National Casualty holding in the aggregate more than 21,000 shares have agreed to deposit their entire holdings. It is believed that this includes the 8,000 shares that are owned by Continental Casualty.

### Conditions Are Outlined

In the event that less than 82,500 shares are deposited prior to the close of business Sept. 18, the buyer may purchase or refuse to purchase the stock tendered for sale in his sole discretion. If more than 82,500 shares are deposited, the purchaser may elect to buy all the stock tendered, or more likely will purchase only 82,500 shares. In the latter event, all stock offered will be determined on a "first come, first-serve" basis.

Geyer & Co. states that its own direct customers and clients of Geyer's dealer customers own in the aggregate a substantial majority of the National Casualty stock. Geyer stated that the purchase offer that it has negotiated was secured because "we believe that certain recent changes in the operation of National Casualty Co. and the inevitability of other foreseeable changes make it strongly advisable to sell on such terms."

Geyer remarks that National Casualty and Continental Casualty both announced about three months ago that the long existing working relationship between the two companies would be terminated as of the end of this year. Severance of this affiliation will precipitate important changes in the underwriting and investment procedures of National Casualty, and "we feel that precaution should be taken against other important changes which appear inevitable."

The bulletin goes on to say that for purpose of this purchase, the termination of the affiliation between National Casualty and Continental Casu-

TOELLE ADDRESSES C.P.C.U.

## Foreign Risks Best Written Through American Agents

It is just as simple for the buyer of insurance to consult his American insurance counselor on a problem in Portugal or Venezuela or Brazil as in Evansville, Chicago or Pittsburgh, R. Maynard Toelle, midwest supervisor for American Foreign Insurance Assn., declared at the annual C.P.C.U. convention in Cleveland. Management makes a mistake if it takes the attitude that the best way to buy foreign coverage is to let the manager of the overseas branch buy his own insurance overseas, he emphasized. This solution may put the manager of the foreign branch in a difficult position since policy forms abroad differ widely from those customarily used in the U. S. and the branch manager may well be a novice in insurance terminology. According to the speaker, American insurance producers have at their fingertips the facilities of world-wide insurance organizations which maintain constant touch with special problems in the foreign fields. These experts can answer questions relative to currency, physical conditions or policy forms just as easily as these questions can be answered relating to domestic risks.

Mr. Toelle urged producers present to consider the foreign exposures of the risks written in their offices to make

altly and consequences thereof will not be recognized as a material adverse change by the purchaser.

The price that is offered represents a premium of 20% over the highest price at which National Casualty stock ever has sold.

The proposed purchase price is equivalent to about 85% of the so-called liquidating value which Geyer estimates at \$49.35 per share as of June 30 before provision, however, for federal income taxes that would be incurred if profits on securities owned actually were realized and if the unearned premium reserve was run off.

Geyer states that the stocks of a large and strictly representative group of leading fire and casualty companies are selling at only 71% of similarly computed June 30 asset values. If National Casualty stock were appraised at 71% of that value, a valuation of about \$35 per share would be indicated. At the \$42 per share which stockholders can obtain, National Casualty would be selling at 9.3 times earnings of \$4.51 per share as computed by Geyer for the 12 months ended June 30, 1950. Fire and casualty stocks as a group currently are selling at only 7.3 times such earnings and if National Casualty were valued at the same capitalization of earning power a price of about \$33 per share would be indicated.

There is shown a balance sheet as of June 30 indicating assets of \$14,553,925, claim reserves \$3,108,300, premium reserve \$3,886,884, ordinary reserves \$1,802,740, capital \$1½ million and net surplus \$3 million. Net premiums written for the first six months of this year were \$6,813,093, premiums earned \$6,748,354, losses incurred \$3,762,105, adjustment expenses \$514,047, underwriting expenses \$2,035,326, underwriting gain \$441,907.

Voluntary reserve was increased by \$427,129.



R. M. Toelle

sure that they are adequately handled, so that their operations as insurance advisers to industry may not be criticized by competitors and in order to enhance their prestige by demonstrating a knowledge of markets.

According to Mr. Toelle, one of these reasons which prompted American insurance companies to operate in foreign fields is the necessity of obtaining a greater spread of risk. He declared, "Many of you may not have considered that risk spreading can be accomplished even more advantageously when a company operates on a world-wide basis rather than on a local or national basis."

### Problems of Currency

Having decided that his local agent is the best judge of where to secure needed coverages on foreign risks, the buyer must help management to face the peculiar problem of foreign currency, the speaker explained. "It is not always possible for an insured to have free choice of currency. The owner may find that if he has expended dollars to build a branch factory in a foreign country, it is more advantageous to insure the factory in the currency of the country. The advantage may not be obvious but it must be borne in mind that the consuming public likes to think that it is dealing with local management, buying local products or supplies and raw materials and keeping most of the profits in the community. Dealing through a local insurance agent may well be part of this strategy, even though the placement may be controlled through an American agent in the home city of the risk. If certain considerations require the writing of the insurance in local currency, it is still a simple matter for an American producer to arrange insurance in pesos, bolivars, or sterling and also to secure informed counsel on the desirability of handling the insurance in that manner. In many countries it is also a simple matter for the policy to be written in U. S. dollars, and since they are generally recognized as the strongest currency in the world today, many American insured will wish to buy their indemnity in dollars."

The speaker explained that another problem peculiar to the foreign field is the decision between admitted and unadmitted insurance. The laws in many countries prohibit the placing of risks with carriers not admitted to do business in the country. Many a local corporation wishes to protect its good name by careful compliance with local laws and might well hesitate before buying unadmitted cover and becoming subject to the heavy penalty applicable. The parent corporation, in a different position, might purchase dollar coverage and there are cases where such dollar coverage is also written on a stockholder's interest in a foreign corporation. Unadmitted vs. admitted insurance must be carefully discussed with each interested party, he warned.

### Foreign Agent Different Breed

Mr. Toelle told his hearers that the insurance agent as he is known in the U. S., does not exist in every corner of the world and where he does exist he often is a man of many jobs. He frequently operates several different mercantile enterprises with insurance more or less a side line. In some other countries the agent is little more than a go-between who brings buyer and seller together and really has little to do with the final contract arranged. In some countries where business is written largely by direct operations of the

(CONTINUED ON PAGE 36)

## Associated Aviation Man Goes to Cairo on Plane Crash

**Warsaw Convention  
Will Govern Settlements  
in Egyptian Tragedy**

NEW YORK — Associated Aviation Underwriters has the hull and liability coverage on the Trans-World Airline Constellation plane which crashed and burned northwest of Cairo killing all 55 persons on board.

David McLaughlin, assistant claims manager, left New York on an inspection trip to the scene of the accident several hours after it was reported.

The hull of the four-engined airliner was valued at about \$1 million. Associated Aviation had no trip ticket accident policies on the passengers but is searching files to determine if any of the 23 Americans on board had annual policies.

The Warsaw convention, which limits airline liability to passengers to \$8,200 in countries that have signed the pact, is effective in Egypt. Workmen's compensation coverage on the crew will make up the rest of the loss.

The crash into the Egyptian desert was the first fatal accident that TWA has had since December, 1946.

### North America on Utica Crash

North America was the insurer of Robinson Airlines whose two-engined DC-3 crashed near Utica, N. Y., killing 13 and injuring 10 of the 23 aboard. The accident occurred shortly after the plane took off from the airport en route to Newark.

DC-3 hulls are valued at \$50,000 to \$200,000 or more depending on their age and equipment.

The airline, after five years of flying in New York state without a fatal accident, had established regular passenger service at the airport only a week before the accident.

Associated Aviation, the morning after the accident, indicated that it had several trip accident policies on passengers involved in the New York crash but the exact amount was unavailable pending a thorough search through records for the past month.

### Driver Education Courses in Over 7,000 High Schools

One out of every three eligible high school students in the country will be learning the motor-age facts of life when the new school year commences this month, according to a letter sent this week to the governor of each of the 48 states by Assn. of Casualty & Surety Companies.

Julien H. Harvey, manager of the association's accident prevention department, states that more than 7,000 high schools will be offering driver education courses the coming year.

Mr. Harvey pointed out that 20 states recently received awards for noteworthy progress in developing driver education courses in their schools under the 1950 high school driver award program of the association. He emphasized that the award program in no way sets up competition between states, but merely gives recognition to individual states, based on achievements in this field. The number of students studying driver education increased 25% the past year.

## International Claim Assn. Agenda Set

The program for the annual meeting of International Claim Assn., to be held at the Greenbrier, White Sulphur Springs, Sept. 18-20, has been completed. Following presentation of the

gavel to President John A. Blanchfield, assistant secretary Aetna Life, there will be a welcome by Commissioner Crichton of West Virginia, after which Mr. Blanchfield will speak.

"Claim Administration under the New York Disability Benefits Law" will be developed in a talk by Mary Donlon, chairman New York workmen's compensation board. V. J. Skutt, president

of Mutual Benefit H. & A., will discuss claims.

At the Tuesday session, Robert Dechert, attorney and general counsel Penn Mutual Life, will consider problems involving title questions of insurance policies in claim settlements. Dr. Milton Helpert, deputy chief medical examiner, city of New York, will give an illustrated lecture on how "A Pathologist Looks at Some of the Problems of a Claim Man."

At the final session on Wednesday morning the speaker will be Manuel M. Gorman, assistant counsel of Life Insurance Assn. of America, on "Public Relations and the Anti-trust Laws."

Committee reports and election of officers will end the meeting.

## Western Surety Marks 50 Years

The recent celebration by Western Surety of its 50th anniversary spot-

lighted the author of the company's last quarter century of progress, Dan Kirby, who has headed the company for more than 25 years and whose father, Joe Kirby, was founder of the company. Under the two Kirbys, the seventh oldest bonding company in the U. S. has since its founding in 1900 grown to a corporation with \$3,733,723 in assets at the end of 1949, with capital of \$750,000, net surplus of \$657,052, voluntary reserve of \$300,000 and a policyholders' surplus of \$1,707,062. The agency force numbers 5,500.

Dan Kirby became general manager of the company in 1922, after tempering in each job in the home office and becoming the company's first field man. On the death of his father, he became president in 1926.

The Kirbys both have been attorneys. The elder Mr. Kirby settled in Sioux Falls in what was then Dakota territory and decided to build his business in the frontier settlement. It was when Joe Kirby was en route to Washington, to try a case before the U. S. Supreme Court, that he met several men associated with the new surety companies at Baltimore. They were commenting on the fact that there was no bonding company west of the Allegheny mountains. Shortly afterward Joe Kirby founded Western Surety.



Dan Kirby

## Install Accident Vending Machines On New Haven R.R.

Vending machine accident-policies have been installed at 20 stations on the New York, New Haven & Hartford Railroad, offering a maximum of \$25,000 in death benefits at 25 cents a policy. The insurer is Continental Casualty and the policies are written through the Goal Insuraid Machines, Inc. This is thought to be the first railroad machine policy. Previously railroad accident policies have been written on the New Haven through Aetna Casualty with a \$5,000 benefit limit.

The Continental policy has a \$5,000 benefit limit for all deaths except those resulting from accidents while traveling on airplanes or inter-city busses. The \$25,000 maximum is allowed in these two cases as a recognition of their safety record. Coverage is for 24 hours, but customers by adding additional quarters may extend the policy for as many days as they choose.

The Continental coverage is an extension of the travel policies issued through Goal Insuraid Machines in various hotels throughout the country and at the Salt Lake City municipal airport.

Travelers, which is the leader in the railroad ticket accident field, has a vending machine contract with Insurograph and such installations have been in the Pennsylvania station at Philadelphia since Aug. 1.

In New York State only Travelers policies are being offered at Western Union stations through a vending machine known as Tele-Trip.

On the coast Travelers has a connection with another vending machine concern and the machines are found in bus stations.

Airline trip vending machines offer a maximum of \$25,000 at 25 cents for \$5,000. The airline policy will cover a round trip provided the customer has a round trip ticket and extends for the duration of the trip whether it be accomplished in two days or 30 days. This policy is written by Associated Aviation Underwriters and the Insurograph vending machine is used.

## Nutt Elected President Of National Travelers

DES MOINES—Virgil E. Nutt has been elected president of National Travelers, succeeding the late William C. McArthur. Mr. Nutt joined the company in 1937 as vice-president. Previously he was vice-president of Great Western of Des Moines, which merged with Washington National.

D. J. Roberts, director of agencies of National Travelers, was named executive vice-president. Virgil J. Nutt, assistant vice-president, was elected a vice-president, and C. V. Loftus, Fort Dodge, was named resident vice-president. Louis J. Adelman has been secretary-treasurer since 1923.

National Travelers was organized in 1907 and is licensed in 24 states. Its premium income is about \$2 million dollars annually.

## Chicago Underwriters to Hear Department Veteran

John C. Kadyk, supervisor of the casualty division of the Illinois insurance department, will address a luncheon of the Casualty Underwriters Assn. of Chicago on Sept. 13. Mr. Kadyk is a graduate of the University of Illinois and from 1934 to 1941 was in the investment department of Fidelity Life Assn. of Fulton, Ill. He has been with the insurance department since he started as an examiner in 1941. He will describe the workings of the department of insurance.

## Bank Robbed at 9:25; Loss Paid at 11

An unmasked bandit Friday held up the First National Bank of Tustin, Cal., and obtained \$7,200. National Surety has been on the bank line for 25 years. The robbery occurred at 9:25 a.m. and at 11 a.m. Arden L. Day and Walter H. Braden of Seyler-Day Co., Los Angeles general agents, handed President C. A. Vance a draft covering the loss.

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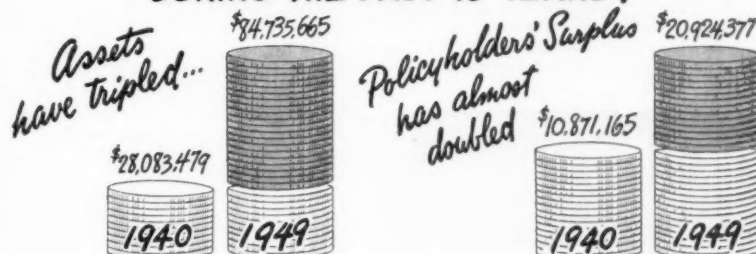
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### FINANCIAL STRENGTH BUILDS CUSTOMER CONFIDENCE

That's why insurance Producers place this factor high on their list of qualifications in selecting the companies they represent.

American-Associated's position in this respect is indicated by the following figures:

### DURING THE PAST 10 YEARS!



Most recent published figures for the American Automobile, parent company of the group, show that the company possessed \$130 of liquid assets for every \$100 of liability.

Financial strength is one factor that has helped place American-Associated among the country's leading multiple-line stock casualty groups.

AMERICAN AUTOMOBILE  
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# Abstractor's Liability Insurance

Available with new lower deductibles of \$100 and \$500 at reduced rates.

Something new is now added to Abstractor's Liability Insurance. It is available with \$100 or \$500 deductible as well as \$1,000 deductible formerly written.

This insurance can be written quickly and easily as responsible members of the abstractor's business need and want it. We originally drafted this form of policy and have been underwriting it for over 10 years. Our experience can be valuable to you in securing new business and assisting you on your existing accounts.

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## Joint Casualty Convention Plans Are Announced

All preparations have been completed for the annual joint convention of International Assn. of Casualty & Surety Underwriters and National Assn. of Casualty & Surety Agents to be held at the Greenbrier, White Sulphur Springs, W. Va., Sept. 24-27.

Ralph H. Platts, Standard Accident, is president of the International association and Holton R. Price, Jr., St. Louis, president of the National association. J. Dewey Dorsett, general manager of the Assn. of Casualty & Surety Companies, who is secretary of the joint convention committee, announced that more than 200 hotel reservations had been received as early as Aug. 15, indicating the usual large attendance.

Registration will begin Sunday morning, Sept. 24, and the National association will hold its first meeting that day. Its executive committee will meet at 9 p. m.

The morning of Sept. 25 there will be a joint meeting of the two organizations with Mr. Platts presiding. This will be followed by a golf tournament, women's bridge tournament, horseshoe pitching contest and other entertainment.

On the morning of Sept. 26 each organization will hold its own meeting to elect officers and conduct other business. Later in the day, final rounds of the golf tournament will be played and in the evening there will be a joint reception and banquet.

A round table discussion of National Association of Casualty & Surety Agents at which Mr. Price will preside will be held Sept. 27.

Mr. Dorsett also announced the election of four new member companies to the International association: Preferred Accident, Great American Indemnity, Fire Association and American Casualty.

## Cincinnati Insurer Is Called to Account

Midwestern Indemnity of Cincinnati has been ordered to cease writing new or renewal business. On Aug. 28, the Ohio department notified the company that all taxicab risks must be replaced within three days. It is understood that this business has been transferred mainly to National Indemnity of Omaha, Virginia Surety, Citizen's Casualty and Equity Mutual. The Ohio department claims the company is impaired to the tune of \$18,000. In 1949 it wrote premiums of \$1,200,000 and had capital of \$100,000 and net surplus of \$59,000. It was required to furnish \$150,000 of new funds this week. Of its premiums about \$400,000 was from cab risks. This was all on a monthly premium basis. The company wrote a lot of the cab and truck and certificated business that became available when Keystone Mutual Casualty blew up.

## Merrick Returns to Cal.

Pat Merrick, public information consultant of the New York state workmen's compensation board for the past year, has resigned to return to San Francisco and make his home there. Mr. Merrick was formerly secretary of the employment stabilization commission organized under the California unemployment compensation disability law. In New York he directed the program of familiarizing employers and employees with the state's disability benefits law which became effective last July 1.

Exchange Insurance Assn., an affiliate of Kurt Hitke & Co., has moved its claim department from A-1527 Insurance Exchange building, Chicago, to A-1908 in that building.

## SHORT STORY OF A CLAIM

\* COLLISION: 6-10-50  
CLOSED: 6-12-50

Here... from an actual claim in our files\*... are two words and two dates that are the essence of that function which has made our Companies and the Agents who represent them, leaders in the insurance field...

PROMPT AND COURTEOUS HANDLING OF EVERY CLAIM

Let our Companies help YOU to provide your clients with this important link in the chain of services to which every policy holder is entitled.



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# STRAY FROM STANDARD PRACTICE

## Producer Cites Danger to Blue Cross From Knuckling Under to the Unions

The following letter to THE NATIONAL UNDERWRITER comes from E. Dexter Goodier of E. Dexter Goodier & Associates, group insurance and welfare fund specialists of Wauwatosa, Wis.:

In your Aug. 25 issue under "Sales Ideas of the Week" you have outlined a comparison method of competing with Blue Cross. Many group representatives have been using this method for some time and it is also true that Blue Cross has been using the same method in the endeavor to sell their plan. Realizing that many insurance agents may try to use this method of comparison we feel that due to some of our recent experiences that a word of warning may be in order.

We all agree that in making comparisons that statements made must be correct. In the past we have analyzed many such comparisons made both by Blue Cross and group representatives and found very few to be 100% correct. If Blue Cross made the incorrect comparison then management lost faith in Blue Cross. If a group representative made the incorrect comparison then management feared they could not trust that particular group writing company.

We assume that the comparisons found in the "Sales Ideas of the Week" pertain to the Blue Cross plan sold in the Chicago area. Perhaps these comparisons are absolutely correct but let us cover a few of the points shown in this comparison and see how fast they can become incorrect.

1. "Insurance companies guarantee rates for one year while Blue Cross rates are guaranteed for only 30 days." This statement has been true under most Blue Cross plans. However, under many Blue Cross plans the contract holder can now obtain a guaranteed retention and premiums and contract provisions are guaranteed for a one year period. Up until yesterday Blue Cross has in Wisconsin guaranteed rates for 30 days unless there was a guaranteed net cost arrangement. On Sept. 1, 1950, there will be in Wisconsin a Blue Cross contract covering 1,000 employees without a guaranteed net cost arrangement with rates guaranteed to Sept., 1951.

2. "Insurance company benefits are uniformly applicable anywhere in any licensed incorporated hospital. Blue Cross benefits lack consistency even from city to city. The benefits are applicable to the locality where the hospitalization takes place." We believe that out of the 6,500 Blue Cross policyholders in Wisconsin 6,499 probably find this statement to be true. We did negotiate for one of our clients a contract with Blue Cross involving 3,000 employees where Blue Cross has guaranteed that the minimum benefit any employee will receive in any hospital in the United States or Canada will be what is allowed under the Wisconsin Blue Cross plan. If an employee is hospitalized in New York City he collects benefits as described by the New York plan because those benefits are more liberal than found in the Wisconsin plan. Like the rate guarantee this agreement provision is a clear case of discrimination.

### Maternity Exception

3. "Under many insurance company programs immediate maternity benefits are provided for all employees and dependent wives insured at the effective date, while under Blue Cross there is a nine month waiting period for maternity benefits." On the 1,000 life case mentioned under point 1 Blue Cross is taking over the hospitalization insurance of a commercial carrier. This carrier provided no maternity benefits for dependent wives. Yet Blue Cross agreed to allow for the full cost of maternity cases for a 10 day hospital period as of Sept. 1, 1950, if 75% of the eligible de-

pendents made application for benefits. We know of no other case where Blue Cross has done this in Wisconsin.

4. "Insurance companies provide complete group insurance programs tailored to fit the needs of a particular group or situation. Blue Cross provides only one type of group coverage and that

is hospitalization, although surgical coverage may be obtained through Blue Shield." Blue Cross has made attempts to overcome this handicap. Arrangements have been made by an insurance agency located in the middle west whereby this agency will underwrite or handle all forms of group insurance except hospitalization. This agency has an agreement with many Blue Cross plans whereby they will provide group life, sickness and accident as well as other benefits and administer the various coverages as one package. They have been using one

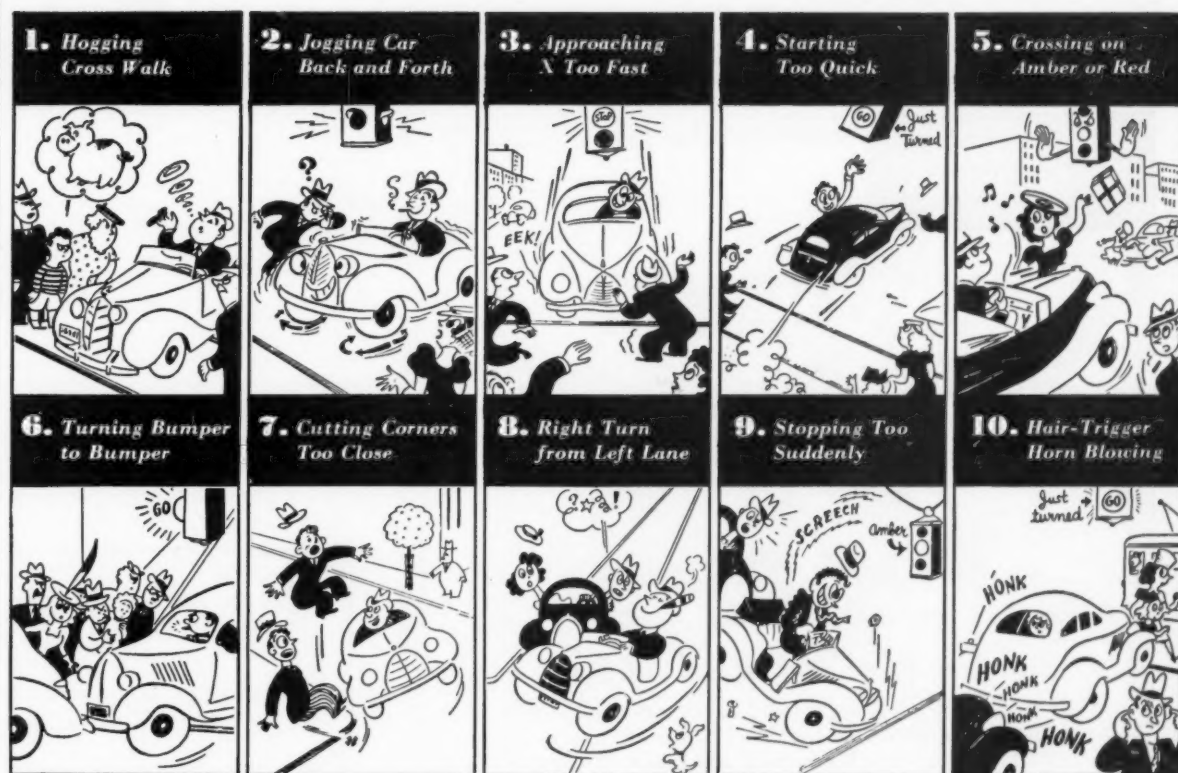
company as the underwriter of the casualty coverages and several companies as underwriters of the life coverages. They provide one application form and a single billing to the client.

To further prove that Blue Cross plans are discriminating against their policyholders we only have to point out that in New York City we have a client that has the local Blue Cross plan. We believe that under the New York plan Blue Cross charges \$1.24 a month for the single employee; \$2.72 for a man and wife and \$3.56 for employee,

(CONTINUED ON PAGE 36)



## Discourteous (and dangerous) Driving in 10 easy lessons



HERE are ten tested ways to be the life (or the death!) of the party at any intersection. The driving faults you see here are among the most common seen throughout the nation.

Many a motorist, when he's behind the wheel, fails to display the common courtesies he would never forget when he's in his living room. Laws cannot regulate motoring manners, but self-restraint and courtesy while driving offer the best chance of reducing the staggering automobile accident toll.

Remember . . . a courteous driver is a careful driver! Protect yourself and others by safe driving.

If you'd like copies of a poster containing these ten cartoons, just drop us a line on your business letterhead.

For claim service in emergency, call Western Union by number and ask for Operator 25, who has the name and address of your nearest U. S. F. & G. Agent.



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CONSULT YOUR INSURANCE AGENT OR BROKER  
AS YOU WOULD YOUR DOCTOR OR LAWYER

## CHANGES IN CASUALTY FIELD

### Continental Cas. Names Mertz V.-P.

James J. Mertz, comptroller of Continental Casualty, has been elected vice-president.

Mr. Mertz has been with Continental throughout his entire business career, joining the company in 1916. Starting as a policywriter, he rose successively to positions in the railroad collection, tabulating and accounting departments. Following several years of supervisory work in accounting, he was named comptroller in 1946. He will continue to serve in that capacity.



J. J. Mertz

### Open Trenton Claim Office

Hartford Accident has opened a branch claim office at Trenton, N. J., under the supervision of the New York department. The new office will service

Hunterdon and Mercer counties. William F. Murray, who has been assistant manager at Newark for three years, is in charge. He has had about 20 years' claim experience in northern New Jersey and before joining Hartford Accident was assistant manager of the Newark claim office for Indemnity of North America.

### Leach Manager in Me.

Donald M. Leach has been promoted from assistant manager to manager at Portland, Ore., for U. S. F. & G. He succeeds E. C. Devlin, who has been given an indefinite leave of absence because of ill health. Mr. Leach went with U. S. F. & G. in Maine as an adjuster in 1935.

### New Office Opened

The new regional office of Hardware Mutuals of Stevens Point was formally opened at Cincinnati. Five departments will be incorporated in this office to be headed by A. C. Troug, general sales manager; Ray Deck, office manager; H. W. Reiffsteck, personnel manager; Ralph Durrant, underwriting manager and S. R. Zwergel, claims manager. Mr. Troug and Mr. Zwergel have been transferred from the New Orleans of-

fice, Mr. Reiffsteck from the Chicago branch and Messrs. Deck and Durrant from Stevens Point.

J. C. Thompson, manager, has been with the company since 1935, serving in the claims department at Stevens Point from 1935 to 1938 and in the Chicago branch claims department until 1942 when he was transferred back to the home office. Prior to his going to Cincinnati, Mr. Thompson was general claims manager at Stevens Point.

The Cincinnati office will serve Ohio, Indiana, Kentucky and West Virginia, with district offices in Cleveland and Indianapolis.

### Henke National Surety Assistant Agency Manager

George C. Henke, formerly assistant secretary and Virginia state agent of Virginia Fire & Marine, has been appointed an assistant agency manager of National Surety. Mr. Henke has had 21 years experience in fire and casualty insurance business, and holds B.S. and M.S. degrees in business administration. He gave courses in property insurance at University of Richmond, served two years on the executive committee of Virginia Insurance Rating Bureau, was chairman of the National Fire Waste Council for Virginia and a director of Stock Fire Insurance Field Club of Virginia. He served in the navy during the war.



George C. Henke

### Lion in Oregon Field

Edgar H. Lion, Jr. has been transferred from the head office of Fireman's Fund group to Portland, Ore., where he becomes field assistant for the casualty, surety and automobile departments.

Mr. Lion joined Fireman's Fund in 1948. He held various training assignments in the casualty underwriting department and was appointed an underwriter in 1949.

### Hoffmannas Named to Claims Post by Travelers

Russell A. Hoffmannas has been appointed assistant manager in charge of indemnity lines of the casualty claim department of Travelers.

Mr. Hoffmannas joined Travelers at St. Louis in 1929. He transferred to the home office as an examiner in the casualty claim department in 1942. During 1943 and 1944 he represented Travelers at Edmonton, Alberta, Canada, in charge of claims arising from the Alcan highway war construction project. He is a law graduate of Washington University.



R. A. Hoffmannas

### Hause Gets Syracuse Post

Peerless Casualty has appointed Frank M. Hause resident vice-president in charge of its new Syracuse, N. Y., branch office.

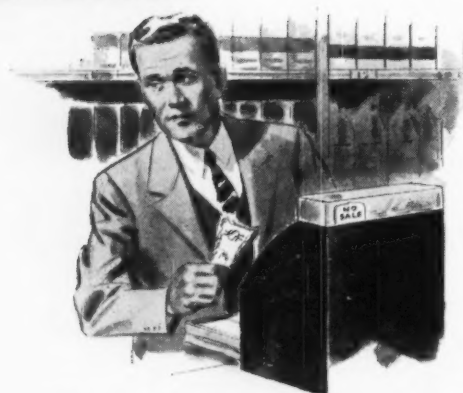
Mr. Hause has had many years experience in all casualty lines, 10 years of which were spent in upstate New York.

Robert Hampson & Son, Canadian managers for Maryland Casualty, have appointed Royston Sims manager of the casualty department. He will also have certain administrative duties. Robert C. Hey becomes manager of the guarantee department. He formerly was with U. S. F. & G. at Montreal.

A. E. Bradshaw, president of National Bank of Tulsa, and F. B. Parriott, chairman of Sunray Oil Corp., have been elected directors of Standard of Tulsa.

Walter Greenspan, president of Tennessee Assn. of Insurance Agents, and Ira P. Jones, also a local agent and a member, will direct the Fire Prevention Week program at Chattanooga Oct. 8-14.

### SALES IDEA OF THE MONTH



### On the Up and Up?

Dishonesty losses are rising. Are your sales of blanket fidelity bonds rising, too? They should.

Bond costs are lower than ever before. Prospects are plentiful. They include not only large businesses, but also small ones where employees have access to cash, securities, or materials. Many do not have this coverage simply because they have never been approached.

Explain to your bond prospects the "salvage recovery" feature of Zurich-American claim service—an important "extra" when a dishonesty loss exceeds the value of the bond. Better still—write adequate amounts of dishonesty insurance.

Your Zurich-American field man will gladly explain the experience credit rating plan—and how it can help provide more protection for your clients and more business for you.



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Multiple line underwriting calls for a review of your Reinsurance requirements.

Our trained staff can be of valuable assistance in helping to work out your problems.



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## ACCIDENT AND HEALTH

### Downey Rejects Offer for Stock of Pacific Mutual

LOS ANGELES — Commissioner Downey has declined the offer to purchase the stock of Pacific Mutual Life recently made by American National of Galveston.

He said that he could sell the stock of the company only under the conditions set down in the rehabilitation and reinsurance agreement of 1936 under which Pacific Mutual reinsured its predecessor. That agreement provided that except in the event of mutualization of the company its stock could be sold only if conditions were such as to require the sale for the protection of the company, its policyholders or the estate of the old company in liquidation; in other words, in the event of financial distress. He stated that no such distress existed, since Pacific Mutual is in sound financial condition, in fact, its financial position is stronger than at any time since its organization.

### Bowles Urges Catastrophe Hospital Cover for Connecticut Residents

HARTFORD—Governor Bowles has proposed the creation of a Connecticut insurance plan to help pay the cost of unusual hospital expenses incurred by Connecticut residents.

He suggested "a common fund to be used only for a long, serious, and costly illness that could not be paid for in a normal way." Everyone, he said, would make a small annual contribution to the fund. He denied emphatically that he was proposing anything that would involve government control of medicine.

"It would be a Connecticut program," he said, "using private health resources, doctors, nurses, hospitals, and drug-gists, with no connection with the federal government." Advantages would accrue both to patients and their families, and to doctors who now provide expensive services for which they can't be paid, he added.

Mr. Bowles also suggested establishment of 20 to 30 diagnostic clinics throughout the state to help detect serious illnesses.

### Provident L. & A. to Build Larger Home Office Space

Provident Life & Accident has awarded the contract for construction of an additional home office building on its Chestnut street property, Chattanooga, that will provide an increase of 40% in space.

The new building will consist of a basement and three floors and will provide 32,000 square feet of floor space. It will be 73 feet wide and 110 feet deep. It is hoped that the new structure will be ready for occupancy within six months.

The company will continue to utilize its present space in the Provident building and will house some of its departments and operations in the additional home office building.

The architects are Hunt, Caton & Associates, successors to the firm of R. H. Hunt & Co., which planned the Provident building in 1924. The new structure will be of a design harmonious with the Provident building and will have an exterior of the same brick. John Martin Co. of Chattanooga are the contractors.

### Selling Associate G. A.

Christian F. Selling has been named associate general agent of the Milton agency of Postal Life in New York City.

His early years were spent with Travelers and Indemnity of North America. In 1923 he began to specialize in life and A. & H. for Travelers. In 1925 he joined Sun Indemnity as superintendent of the A. & H. department, becoming assistant secretary a year later. He resigned in 1949 to operate his own brokerage business.

### Cal. Managers Meet Nov. 3

The California State Assn. of A. & H. Managers will hold its annual meeting at the Clift Hotel, San Francisco, Nov. 3. Robert R. Smith, Washington National, San Francisco, is president of the association and D. M. Brovan, Mutual Benefit H. & A., convention general chairman. William L. Hardy, West Coast Life, will preside at the luncheon and sales meetings.

### Attacks Firearms Clause

Suit has been brought in circuit court at Springfield, Ill., contending that a provision in the by-laws of Illinois Commercial Men's Assn. is illegal, which excludes liability for death re-

sulting from the discharge of firearms and there is no actual eye-witness. Plaintiff is S. I. Gresham. He seeks to recover \$5,000 under an accident policy of Alvin E. Gresham, who was killed March 8, 1948, by an accidentally discharged rifle.

### Department Men at Detroit

At the luncheon meeting of Detroit A. & H. Assn. Sept. 12, a panel from the Michigan department, including H. B. Thompson, life division; Jack Wickstrom, A. & H. division, and W. C. Conley, actuary, will cover legislative matters and will seek support to strengthen the A. & H. code.

### New Alamo A. & H. Men

Jerry Henckel, a graduate of St. Mary's University law school, has been appointed assistant to W. H. Powell, vice-president and director of the A. & H. department of Alamo Casualty, San Antonio. E. C. Cox, formerly with Reserve Life in Louisiana, has been appointed field supervisor of that department.

Passengers on Argentine trains are getting free life and accident insurance

for each trip. The maximum payment for death or injury is \$1,650. Passenger fares have also been increased.

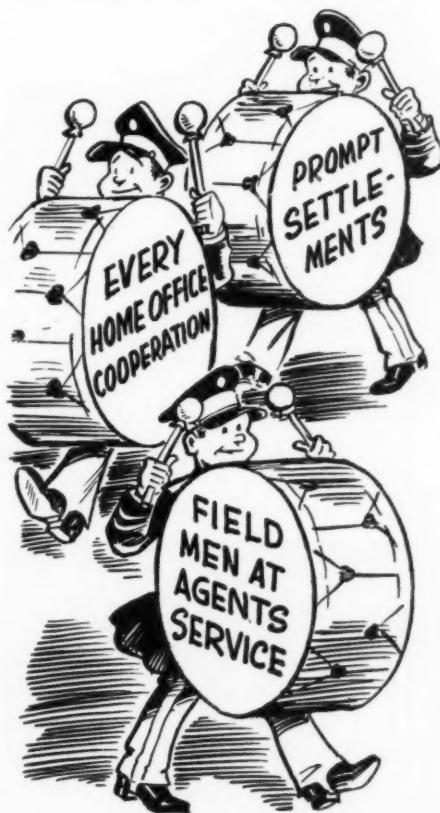
### Tenn. Auto P.D. Loss Cut

NASHVILLE—The annual property damage losses from automobile accidents in Tennessee, which amounted to \$30,092,400 in 1949, were reduced at least \$9 million through enforcement of the automobile responsibility act and other safety measures, James D. Hill, Chicago, southern representative of National Safety Council, said in addressing Tennessee Safety Council. However, he cited the need for a "50% increase in at-the-scene coverage of accidents," a 70% increase in number of drivers' licenses revoked, and a 50% increase in personnel in the accidents record division.

### Ahlers Wenatchee Chief

Wenatchee (Wash.) Assn. of Insurance Agents has elected Harry J. Ahlers president, succeeding D. H. Davis. Earl Jones of the Ferguson-Ross agency has been elected vice-president and Clair Warren was re-elected secretary.

**HAWKEYE - SECURITY · INDUSTRIAL · TWO OF THE FINEST**



# We Make Sure Agents Get All 3

Hawkeye-Security & Industrial give their agents the best in all-around business building service at all times.

Here are two great companies that not only provide full Casualty, Industrial and Fire Coverage, but give every agent every help in building his business . . . prompt claim service without red tape . . . a maximum number of sales helps and a skilled Field Representative staff which works closely with every agent.

These are only a few of the reasons why "the trend is to Hawkeye-Security & Industrial."

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**HAWKEYE - SECURITY · INDUSTRIAL · TWO OF THE FINEST**

## COMPENSATION

### Cal. Retrospective Plan Hearings Are Postponed

LOS ANGELES — Commissioner Downey has postponed the public hearings on the proposed workmen's compensation premium discount and retrospective rating plans from Sept. 19 at San Francisco to Nov. 13 and from Sept. 21 to Nov. 16 at Los Angeles.

The request for postponement was made by California Inspection Rating Bureau, and approved by California Assn. of Insurance Agents, Insurance Brokers Exchange of California, Insurance Brokers Society of Southern California and the state fund.

William Wittkoff, Employers Liability, chairman of the California compen-

sation rating program committee, is quoted as saying that the dates are entirely satisfactory to the committee, because if the rating plans are approved, it might be possible to have them made effective for use in California as of Jan. 1, 1951.

### Second Installment Rate Reduction in Illinois

The Illinois department has approved a second installment workmen's compensation rate reduction effective Sept. 1. This amounts to 4% on the average and supplements a reduction of 12.6% that was approved April 1. The combined 1950 reductions thus amount to 16.1% and Insurance Director Day estimates that this is the equivalent of \$8 million in premiums.

In connection with the April 1 re-

duction it was agreed that the companies would re-survey the situation when the unit reports came through and the experience of more recent years was available. On the basis of that data, the companies submitted the proposal of an additional 4% reduction and this was approved effective Sept. 1.

### Minn. "Comp" Fund Low

ST. PAUL—The state of Minnesota, which requires other employers to carry compensation insurance, does not do so itself except through a state fund which State Auditor King says is now nearly depleted. Unless he is allowed to transfer \$82,000 from other funds to the compensation fund, any state employee injured will have to go without compensation after Sept. 30.

### New Setup of Inland Empire of Idaho

Clark L. Heiss, who is president of Heiss Investment Co. at Jerome, Idaho, has been elected president of Inland Empire Ins. Co. of Boise. He takes the place of Albert D. McCumber, who has gone into the insurance agency business. There has been an increase in the contributed surplus of the company, Mr. Heiss reported.

K. Y. McMurray of Boise has been elected executive vice-president and Arthur S. Boyd, formerly with Joseph Froggatt & Co., is named comptroller. Chad K. Anderson stays on as secretary and L. L. Compton as treasurer.

This company was formed in 1948 to take over the business of Inland Empire Casualty Underwriters, a reciprocal. At Dec. 31, 1949, capital was \$100,000 and net surplus \$290.

### Insurers Cooperate on "Ads"

LANSING, MICH.—Auto-Owners and Wolverine, both of which write a large volume of automobile business, have been cooperating this year in a newspaper advertising safety campaign spotted just prior to holiday week-ends.

The latest "ad" was a full-page layout using red lettering as well as heavy black type, carried in the Sept. 1 editions of the State Journal here.

### Pipeline Contract Awarded

The public utilities commission of the city and county of San Francisco has awarded the contract for the construction of 14.4 miles of the Hetch Hetchy pipeline, with a total cost of \$6,761,508, to P. & J. Artukovich of San Pedro and United Concrete Pipe Corp. of Baldwin Park.

Great American Indemnity through

Wren & Van Allen will execute the payment and performance bonds for Artukovich and Maryland Casualty for United Concrete Pipe.

### Move to Set Up C.P.C.U. Chapter at Denver

DENVER — Steps were taken this week toward the forming of a chapter of the Society of Chartered Property & Casualty Underwriters here. An organization meeting was attended by nine men with C.P.C.U. designation in this area. A petition for the formation of such a chapter has been forwarded for action at the Cleveland meeting this week.

Present and signing the petition were Howard Hutson of the Howard Hutson agency; F. J. Morgan, Aetna Casualty underwriter; L. Allen Beck of Morrison & Morrison; Walker A. Garrett of Ed. P. Eppich & Son agency; J. H. Silver-smith, Jr., of Reichart-Silversmith agency; W. Rex Kerr of Wilson-Creech agency; C. N. Macdonald of Travelers; M. L. Burg of Phoenix of Hartford, and H. R. Woodworth of the Denver Agency Co.

Plans were made for a meeting Sept. 11 of those interested in undertaking C.P.C.U. studies in preparation for next June's examinations. Conferment of designations upon the 1950 designees will be made at an all-industry dinner to be held the first week in December, with J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, as speaker.

### Aero Group Offers Civil Air Patrol Endorsement

Aero Associates, the aviation group representing American Fidelity & Casualty and American Fidelity Fire, have issued an endorsement to the aviation liability policy for members of the civil air patrol extending coverage at no extra cost to include participation in civil air patrol operations, excluding, however, any participation in patrol operations performed at the request of and with funds furnished by any federal or state government or agency thereof.

This is similar to the endorsement that was used generally in the last war for the civil air patrol, which is a voluntary organization of civilian flyers. When the patrol is used as an agency of the government, specific insurance for that operation is usually provided by the government.

### Plan Joint Golf Outing

Surety Underwriters Assn. of Chicago will be host at a joint golf outing for the Chicago and Milwaukee associations Sept. 26 at Bob-O-Link Golf Club, Highland Park, Ill. This will be an all-day affair capped by a dinner.

### Bond School for Ind. Agents

Wells & Co., Indiana managers of American Casualty, are starting an educational program for their agents. First on the schedule will be a bond school Sept. 19-20. Robert Thompson from the home office of American Casualty will conduct the program. The first day will be devoted to fidelity and fiduciary bonds and the second day to surety bonds.

### Actuaries' Rally Nov. 17

The Casualty Actuarial Society's annual meeting will take place Nov. 17 at New York. On Nov. 16 the society will hold a dinner.

Miss Grace J. Leatherman, daughter of J. P. Leatherman, general agent for Continental Casualty and Continental Assurance at Lansing, Mich., was married to Martin L. Krauss of Indianapolis.

North American Casualty & Surety Reinsurance has applied for license in California.

## Real Business Builders!

HERE ARE  
THE C. O. C. C.  
FEATURES  
THAT MAY  
LEAD TO  
INCREASED  
BUSINESS  
FOR YOU.

Coal Operators Casualty Co. — a company specializing in Workmen's Compensation and Public Liability.

Each risk judged on its individual merit. Liberal underwriting makes it possible to write most classes of risks.

Prompt, just handling of all claims and adjustments.

Direct Mail sales tools that can lead to more profitable contacts for you.

WRITE NOW — LEARN MORE  
ABOUT OUR REAL BUSINESS  
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COAL OPERATORS  
CASUALTY COMPANY

GREENSBURG, PA.

The  
NATIONAL MUTUAL  
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Celina, Ohio

Strictly an Agency Company

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ACTION

THAT BRINGS

SATISFACTION

A Progressive Company  
for Aggressive Agents

FIRE; INLAND MARINE  
ALLIED LINES

AFFILIATED  
WITH

The  
CELINA MUTUAL  
CASUALTY COMPANY  
Celina, Ohio  
Automobile and  
Casualty Lines

Selling Tools for Any  
Selling Task  
With sound Protection  
at a  
Savings to Policyholders



## Clarifies Basis of Voting in Wash. UCD Referendum

E. M. Weston, president of Washington State Federation of Labor, says a recent article in THE NATIONAL UNDERWRITER relative to the referendum vote on disability compensation in Washington Nov. 7 carried an incorrect statement regarding the method of voting and counting of votes. He cites the provision in the constitution which reads:

"Any measure initiated by the people or referred to the people as herein provided shall take effect and become law if it is approved by a majority of the votes cast thereon; provided that the vote cast upon such question or measure shall equal one-third of the total votes cast at such election and not otherwise."

This means, Mr. Weston says, that at least one-third of the people who go to the polls on election day must vote for or against the measure, and that to carry, it must get a simple majority of the people who actually vote on the measure. "Thus, we feel that the measure will be relatively easy to carry, inasmuch as our entire organization membership is solidly behind it as 'our major political activity' of the election, and persons not voting on the measure will not be counted against it as was stated in your article."

### History of Measure Reviewed

Washington has one of the few monopolistic state fund workmen's compensation laws, and when disability compensation began to be a subject of conversation in labor circles there were many advocates of a state monopoly fund.

"We did considerable research on the matter before sponsoring legislation," Mr. Weston says, "particularly in regard to the effect such a monopoly fund law would have on contracts already in effect, as the result of negotiated agreements. We came to the conclusion that this was a field which should be left open to all companies on an optional plan basis and that we should encourage private enterprise, rather than to attempt to legislate against them."

"We therefore invited representative companies to sit down with us to draft the legislation, along with the employers. The Medical Assn. joined in the discussion and a very constructive program was evolved on an optional basis. The bill was presented to the legislature and the very same insurance people who helped us draft the bill and who were allowed to insert their chosen language into it, came out flat-footed against the bill, and proposed an alternate bill which was very restrictive, and created a monopoly of the most undesirable kind. Despite this about-face, our organization (representing over 300,000 AFL members in the state) was successful in having our bill passed by the legislature by a comfortable majority. Now, we are faced with the referendum sponsored by a small and, to us, quite selfish group. We expect to win the election by a comfortable majority, because all of organized labor in the state wants a disability compensation legislation. Only the CIO want the monopoly state fund, at the present time, and their ranks are not solid in the matter."

Mr. Weston declares that it is inevitable that some type of disability compensation law will be enacted. "We intend to encourage the growth of private enterprise so long as it justifies our support. In this particular field of disability insurance, we may be forced to the conclusion that private enterprise does not want to be encouraged and thus, we would have to turn our attention to the obvious merits of a state monopoly fund. In any event, we will have a disability compensation program in Washington state, either

this election or a later one and we believe the insurance companies have an opportunity at this time to participate in the choice by supporting the present proposal."

## Service Problems Replace Sales Task on New York DBL

Service and administrative tasks have replaced the sales problems of group companies with the New York state disability benefits law but there is still considerable interest in the outcome of the production race which ended two months ago.

Final statistics are eagerly awaited from the workmen's compensation board to clarify the competitive results.

Currently group departments are primarily concerned with getting employer accounts rolling smoothly. Claims are falling into a normal pattern after an upsurge immediately after the act became effective attributed to the filing of pre-act disabilities.

The major unforeseen problem is the educational job which has to be done with employers and employees on the coverage. Companies are receiving thou-

sands of queries. Some of these are caused by company variations in plans and methods of computing premiums. Employers have now had a chance to talk over their plans among themselves. If their plans aren't exactly alike, they ask why.

Group staffs are as busy as they were. The extra personnel that were attached during the sales campaigns have returned to their former work. Companies which brought in men from out of state have redeployed them.

Sales data will be some time forthcoming. To date it is agreed only that the casualty companies wrote most of the smaller cases. The remainder of the picture is confused, even after review of the results of individual companies. No two companies record sales in the same way. In one company a sales figure shows 300 employers but in another this might be reported as one union trustee case. Instead of uniform reports, records indicate premium, lives, employers, etc. A clear view awaits official data from the compensation board.

Group men believe that the original estimate of 170,000 employers in the state is far out of line. Some place the actual figure at approximately 100,000 even though some employers were not covered until weeks after deadline. One company reported that it received in-

quiries about coverage from employers after the latter, in August, had received copies of a questionnaire from the compensation board asking them what kind of policy they had bought. The deadline for coverage under the law was June 30.

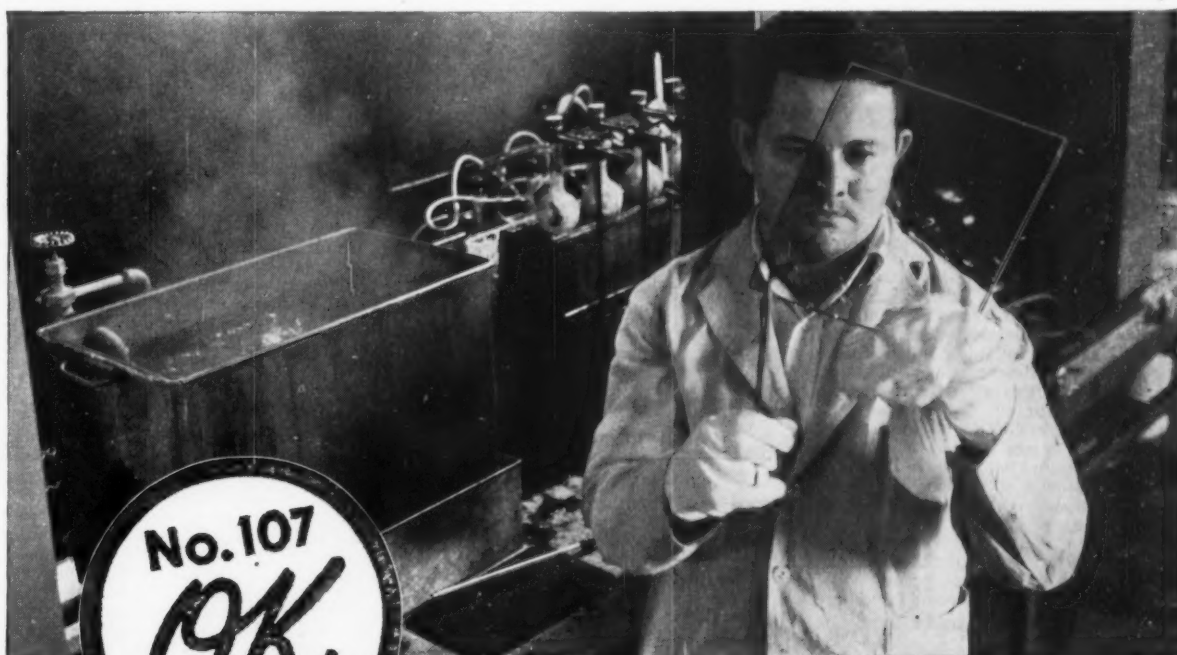
## Am. Casualty Wins Line

The city of Helena, Mont., has accepted a bid in behalf of American Casualty by the Carbis local agency for public liability insurance on 77 pieces of motorized equipment. The bid was \$1,494. The highest bid was \$2,003. Helena Insurance Agents Assn. submitted a bid of \$1,633.

## Mutual Service Tour

The 17 top agents of Mutual Service of St. Paul and their wives have completed a two-week all-expense paid tour as an award for sales records. The tour included a stop at Lake Success, where several of the group attended United Nations sessions.

Casualty Underwriters Assn. of New Jersey will conduct its monthly luncheon Sept. 11 in Newark. President John B. Rooney, Commercial Casualty, will announce the association's committee appointments for the new business year.



## ONE OF 142 Quality Checks

Your vision through safety glass is drastically reduced wherever the sheet of plastic has separated from the glass. That's why L-O-F Safety Plate Glass is torture-tested to make sure the lamination is perfect. In our Check No. 107, samples taken from the line at regular intervals are boiled first, then inspected for the slightest separation.

This is only one of our 142 Quality Checks and Controls. All of them are equally important to you and your policyholder—because they assure:

1. Better heat stability
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### BE SURE YOU GET WHAT YOU PAY FOR



There are two grades of Safety Glass—one made of polished plate glass, the other of sheet or ordinary window glass. Claim Agents who are on their toes, when honoring broken glass claims, always specify Safety Plate Glass and look for L-O-F identifying stencil on each light supplied. That assures the policyholder and your company of getting full value.

## Profit Is Seen in Insurance Stocks

(CONTINUED FROM PAGE 10)

in which insurance companies have invested.

Insurance company investment management is also praised. In addition, it is pointed out that they have available for investment, in addition to their capital funds, their large, unearned premium reserves. The diversification and balance maintained by insurance investment portfolios is also lauded. Insurance company earnings from underwriting are exceeding their substantial income from large investments, the description continues. A historical comparison shows the year of origin of the 22 companies, and their years of continuous operation, the average of which is 104. Next to that tabular exhibit is a listing of the number of years in which the companies have paid continuous dividends.

Emphasis is placed on the long history of the business. The report states, "It will be noted that one of these companies was founded and began business at the time Washington was President, three were in business during the war of 1812, 16 during Lincoln's presidency and the war of the states, and all 22 during World Wars I and II."

### BUSINESS INDISPENSABLE

Insurance is classified as an indispensable business. The report says: "The insurance business is founded on the primary instinct of man—self preservation. The function which it performs is permanent, continuous and indispensable. It is impossible to conceive of carrying on commerce and industry to say nothing of family life, without the sure protection which it affords, and, furthermore, the ingenuity of man has yet failed to develop any satisfactory substitute. It is firmly entrenched in our economic and social order as an active, growing and essential service. In this respect insurance is a unique industry and is unlike other forms of business enterprises, which are ever-changing and ever-subject to the risk of extinction through new inventions, competition, obsolescence, changes in public taste and style, etc."

"The stocks of seasoned fire insurance companies have long been classed as among the choicest and soundest of investment media, as evidenced by the substantial amounts of these which are held in the investment accounts of institutions, trust funds and wealthy individuals."

### Fare Well in Comparisons

"While the stocks of leading fire companies have proven much less volatile than industrials, they, nevertheless, over long periods of years, have shown greater market gains and sustained dividend income. A comparison of Standard & Poor's index of fire insurance stocks with the Dow-Jones industrial average indicates that the appreciation in the dollar value of fire insurance stocks over the last 30 years has been approximately 40% greater than the appreciation in the dollar value of high grade industrial stocks."

"It is pertinent to note that this superior long term performance is despite the fact that the earnings and market action of insurance stocks were comparatively unfavorable from 1942 until 1948, since when they have been outperforming the general market, though not as yet in any way commensurate with the very substantial increase in their earnings. In 1948 their earnings were the highest in their long successful business history, yet in 1949 their earnings were from 25% to 50% higher than in the boom year of 1948. Indications are that their earnings will continue to be well maintained."

The insurance group shares of Institutional Shares, Ltd., are valued at slightly more than \$3 million, about one-half of the total value of the shares held by the fund. Its other specialties

are bank, aviation and a diversified group including some bonds.

The organization was incorporated in Delaware in 1936 and has 5,368 shareholders, according to its latest report. It is the smaller of the three insurance specialty funds and is qualified for sale in Georgia, Indiana, Maine, Massachusetts, New Mexico, Ohio, Pennsylvania, Florida, Rhode Island, Virginia, Vermont, Washington, Oregon and the "free" states of Connecticut, Delaware, Maryland, Nevada, New Jersey, New York, and the District of Columbia, which either have no "blue sky" laws or merely require a simple "notice of intent to sell."

### The Largest Fund

A larger fund is operated by Insurance Securities, Inc. of Oakland, Cal. Its shares are sold only in that state. It invests in an eligible group of 60 insurance stocks and sells 10 year participating agreements. Its assets exceed \$25 million with holdings of individual company stocks limited to 5% of total assets and 10% of outstanding voting securities of the issuing insurance company.

The next largest fund, in point of view of insurance stocks held, is the Century Shares Trust of Boston. It is sold in 36 states. Total assets of this trust exceed \$28 million with three-quarters of that invested in insurance stocks. The remainder is bank stock. Half of its investments are in fire stocks, one-fifth is distributed about equally among casualty and life shares, and about 2% of the shares are of insurance holding companies.

The over-all net assets of mutual funds now exceed \$2 billion, a 33% growth in the past year. Some insurance companies have invested in mutual fund shares.

## Can Write Foreign Risks in U. S.

(CONTINUED FROM PAGE 27)

companies, the practice of commercial accounts, which are really rebates under another name, has sprung up and in some areas the competition between companies is governed almost entirely by the size of the rebate given.

The speaker pointed out that rating procedures differ considerably overseas. In the United States, heavy concentration of risk in value requires special statistical procedures for proper rate making that are much more elaborate than those used elsewhere in the world. As more countries become industrialized, there will be more emphasis on this scientific approach to rate making rather than the rule of thumb methods still common in some areas today, he declared. In most areas, rates and rating are still the result of agreement among companies, though in some countries rate making is nationally administered and in others provincial bureaus have control.

### Third Party Less Common

While any of the forms classed as fire insurance are available overseas, third party liability, with the exception of motor vehicle, is less common than in the United States, and can be best written by American insurers. Considerable world-wide differences exist in workmen's compensation with variance from highly complex laws in some countries to those of other countries where there is no compensation law of any kind. Americans working abroad can generally be insured under a voluntary workmen's compensation plan and with this protection plus basic employers liability, the insured is pretty well protected. If the insured also employs nationals of the countries where the work is being done, it is then necessary

to consider the laws of the country and to write separate coverages.

According to Mr. Toelle, automobile insurance is a fertile field for the producer of foreign insurance and there are a large number of Americans in the armed forces or working for the government who prefer to have their insurance written on American terms and by American companies. It is a simple matter for such coverages to be arranged, he declared. There is a large and increasing volume of auto insurance to be written for American tourists and here again the American market is following the flag in providing the neces-

sary protection, he declared.

Mr. Toelle reports great activity abroad in the field of reinsurance and indicated that one of the important functions of American foreign underwriters is to accept portfolios from foreign companies thus adding to the capacity of foreign markets and again increasing the true spreading of the risk. American insurance companies have shown a progressive attitude by providing a market for insurance to accompany American industry in its march to many of the far places of the world, the speaker said in concluding his talk.

## Union Influence Blue Cross Menace

(CONTINUED FROM PAGE 31)

wife and children. These were the best rates we could obtain from Blue Cross and yet when the union asked for a rate they obtained a single rate quotation for all employees regardless of whether married or single of \$2.41 a month. Yet over 70% of the employees had families.

### Union Pressure Strong

The one thing that is forcing Blue Cross to stray away from their standard practices are the unions. The two big CIO unions, automobile and steelworkers, insist on Blue Cross coverage regardless as to whether or not it provides the best protection for the members and their families. Several union representatives have admitted that commercial insurance companies can now underwrite better plans but their hands are tied. It must be Blue Cross. For this backing Blue Cross has had to broaden their contracts and under many Blue Cross plans this may lead to financial trouble.

Returning to this 1,000 life case that we mentioned that Blue Cross will cover on Sept. 1, we have to point to one arrangement that will prove beyond any doubt how Blue Cross caters to the unions. In this case the union wanted Blue Cross and obtained Blue Cross even though the commercial carrier offered semi-private room accommodations regardless of cost or \$8 a day for 70 days if a private room was used. They also offered to provide 100% of the cost of miscellaneous hospital services, immediate maternity benefits for employees and wives as well as an estimated retention of less than 10%. Blue Cross did not meet benefits or gross or net costs. Yet they obtained the business. On layoffs the Blue Cross agreed to provide coverage one month beyond the end of the policy month in which the employee was laid off. This is contrary to their standard practice. On work stoppage, which is a polite word for strike, the Blue Cross agreed to provide protection for an unlimited period with no premiums payable until the employee returned to work and then multiple deductions would take place. If the employee was hospitalized during the work stoppage then he would have to pay his premiums up to date at that time. The Blue Cross further agreed that neither the employer or the union was responsible for premiums that could not be collected at the end of the work stoppage.

### Employers Must Realize Situation

We believe that the answer to meeting Blue Cross competition is for employers to realize what is going on. Blue Cross plans that are controlled by the unions should interest many employers for one good reason. Blue Cross has the complete backing of many hospitals and yet many hospitals could not operate if it were not for generous contributions by employers. If a Blue Cross plan goes in the red because of poor underwriting the hospitals take the loss and then ask the employers for greater contributions. Blue Cross always states that the hospitals guarantee their plan.

Another answer to Blue Cross competition is for the insurance companies to

see to it that all Blue Cross plans come under the supervision of the various state insurance departments. This would protect Blue Cross from unreasonable demands on the part of the unions. Since Blue Cross plans operate like hospital group writing companies it would seem to us that they should be supervised and taxed. Blue Cross plans have always claimed that they are a non-profit organization. We believe that there is no such animal. Blue Cross endeavors to build up reserves. Reserves are undistributed profits.

Taking the other side of the argument we believe that Blue Cross has been of valuable service to the American people. It is our sincere hope that Blue Cross will always be of service. We do, however, believe that Blue Cross should only sell hospital and perhaps surgical coverage. Blue Cross should not discriminate with their coverage. Above all Blue Cross should be independent and not controlled by any group with the possible exception of the hospitals.

We realize that we have gone a little beyond a word of warning mentioned in the first paragraph. However, we believe that what we have said will interest you.

## Sparrow Auto, Inland Marine Superintendent on Coast

O. J. Sparrow has been transferred by National Union from southern California to San Francisco as agency superintendent of the inland marine and automobile business written by the Pacific department.

Donald E. Muir replaces Mr. Sparrow as marine special agent in southern California. He has been with the Pacific department.

## Veatch Butte President

Clark V. Veatch was elected president of Butte Assn. of Insurance Agents at the annual luncheon meeting. Carl Daniels is vice-president and Ed. Dolan secretary. A resolution was adopted requesting Pacific Board to make tests of equipment and water pressure of the volunteer fire department of Butte in the hope of obtaining an adjustment that will bring the rates for these districts more in line with city rates.

## McFadgen Named President

At the annual meeting Cowlitz County (Wash.) Assn. of Insurance Agents elected L. H. McFadgen of the Longview agency, president, succeeding J. S. Rosenzweig. C. E. Reber, Kelson is the new vice-president and John B. Neeb, Longview, has been reelected secretary.

The local agency of Harry E. James, Inc., Jacksonville, Fla., has moved into new and air-conditioned offices at 504 Hogan street. The agency has been operating under its present name for nearly 20 years. Harry E. James, the founder and president, has been in the local agency business at Jacksonville more than 50 years. Harry R. James is vice-president of the agency and Frank L. Harris is secretary.



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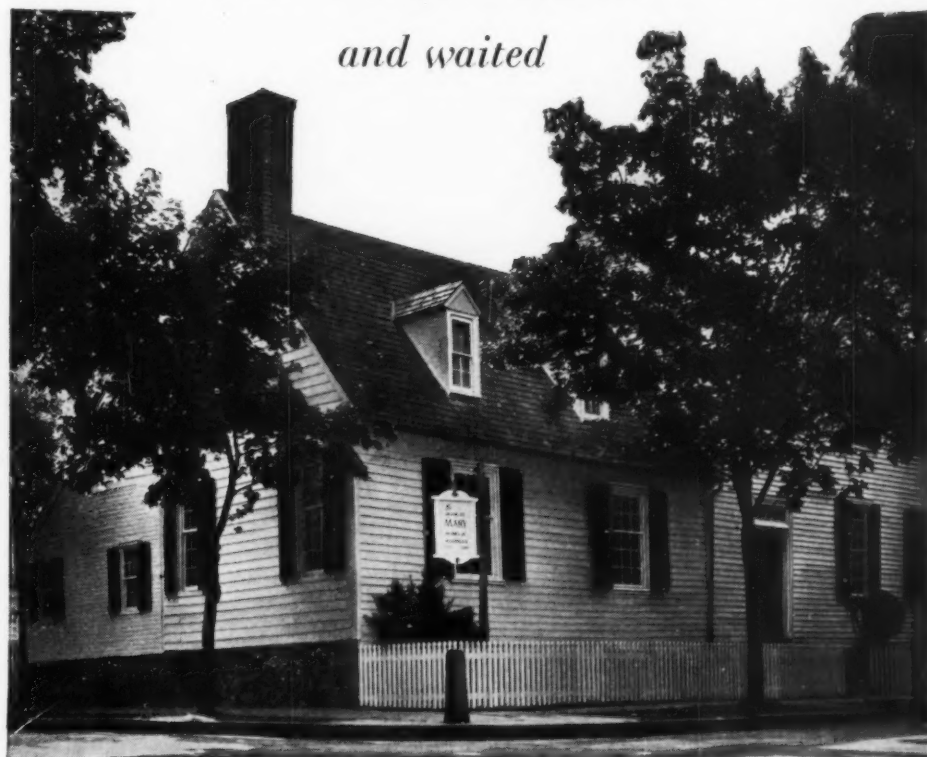
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## Famous American Homes

# THE LITTLE HOUSE IN FREDERICKSBURG

where a mother watched  
and waited



GEORGE WASHINGTON would have joined the Royal Navy in his youth if his mother had not objected. She was not overjoyed when he became a soldier some years later but throughout his military career she bore herself with courage though she once expressed the fear that eventually the king would "catch George and hang him."

During the last years of her life Mary Ball Washington's home was a little house in Fredericksburg, Virginia, which George purchased in 1772. Despite her reluctance to leave the farm across the Rappahannock where she had lived since her husband's death, at Washington's urging she moved to Fredericksburg probably about 1774 when war threatened. Nearby lived her daughter Betty Lewis, mother of eleven children.

Whenever possible Washington came to see his mother but transportation difficulties and pressing military problems frequently prevented visits for long periods of time. Mary passed the anxious days visiting her daughter, driving to her old farm, spending hours in prayerful solitude on the rocky ledge now known as Meditation Rock.



Huge open fireplace in the brick-paved kitchen

Though the house and its visitors aroused much local excitement, Mary always kept her emotions under control and used to curb her daughter with the admonition that the sister of the commanding general should display faith and fortitude. Once when Washington's arrival was announced, she said calmly, "George is coming to see me. I shall need a clean white apron." Sometimes a messenger brought



The last farewell

tidings and the townspeople would hover near to hear the news. On one such occasion Mary tartly remarked, "Tell the gossips George sends me word that Cornwallis has surrendered."

One day Mary Washington was working in her garden when her grandson brought a distinguished visitor. It was the Marquis de Lafayette who had come especially to meet her. Laying down her garden tools, she received her illustrious guest with her usual poise and regaled him, according to legend, with the gingerbread for which she was famous.

Appearing publicly with his mother at the Peace Ball to which he escorted her, Washington expressed thanks to the people of Fredericksburg for their kindness to his "reverend mother by whose maternal hand (early deprived of a father) I was led from childhood."

After being elected President, Washington visited his mother for the last time and, kneeling, is said to have asked her blessing. She died five months later in August, 1789.

Mary Washington's home is now maintained by the Association for the Preservation of Virginia Antiquities in lasting tribute to a great mother.

★ ★ ★

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- MOTOR BOAT
- MOTOR BOATING
- RUDDER
- YACHTING
- THE CHESAPEAKE SKIPPER
- LAKELAND YACHTING AND MOTORBOATING

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SOME SKIPPERS seem to feel that hazards to their boats end with the off-season lay-up... Not So!

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covers during the season of sport. It's a dutiful watchman, aboard at all hours, to protect you from financial loss.

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